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FINANCIAL TIMES

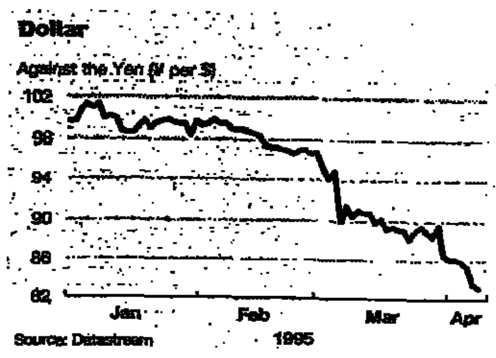
Technology
A car that cleans up as it drives
Page 12

Europa
Overhaul for the EU machinery
Page 14

Japan
No frivolity at cherry blossom time
Page 4

Agribusiness
Instability in the former Soviet Union
Page 6

World Business Newspaper TUESDAY APRIL 11 1995 D8523A



Japan takes action as dollar touches new low in Tokyo

The Japanese government plans to unveil an economic package on Friday to counter the squeeze on export earnings caused by the rising yen as the dollar touched a new low in Tokyo. The continued fall of the dollar, which hit Y80.15 before recovering to Y82.6 in the afternoon, caused alarm in the Japanese government and growing frustration with US monetary policy. Page 4; Currencies, Page 27

Islamic militants held after bombings: Palestinian police rounded up 150 Moslem militants after suicide bombings killed eight Israelis in Gaza. The toll rose with the deaths of an American tourist and a soldier wounded in the attacks. Page 5

Pressure on Spain over fishing dispute: Spain faced growing pressure to abandon its demands for a 50 per cent share of the fish catch off Newfoundland and settle its dispute with Canada. Page 16

Former Indian premier dies: *Morarji Desai*, who defeated Indira Gandhi in national elections in 1977 to become India's first non-Congress prime minister, died aged 99. Page 4

Airbus crash blamed on engine fault: A Romanian Airbus crash last month resulted from engine failure not a bomb blast, Romanian authorities said. Page 3

Detergent chief led Unilever's pay table: Niall FitzGerald, the Unilever vice chairman who supervised last year's launch of its troubled Persil and Omo Power detergents, was the highest paid executive in the Anglo-Dutch consumer goods group, receiving £883,202 last year. Page 23

EBRD faces funding challenge: Western member governments indicated the European Bank for Reconstruction and Development would face a hard task in winning approval next year for extra funding. Page 16; Editorial Comment, Page 15

LTCB to take $582m charge: The Long-Term Credit Bank, one of Japan's biggest banks, is to take an extraordinary charge of Y49bn ($582m) to cover losses suffered by its affiliate, Japan Leasing Corporation, on bad property loans. Page 17

British minister issues writ: British government minister Jonathan Aitken denied allegations in the Guardian newspaper about his business activities and said he was issuing a writ against the publication. He described the claims as "wicked lies". Page 8

Water companies form joint venture: France's Compagnie Générale des Eaux and Thames Water, one of the UK's biggest water companies, are to form a joint venture for water projects in Australia and the Asian markets. Page 22; Lex, Page 16

Third Democrat defects: Democratic congressman Nathan Deal, of Georgia, became the third congressman to switch parties recently, bringing the Republican majority in the House of Representatives to 231-203; with one independent. Page 7

Inflation threat to UK food sector: New inflationary pressures are emerging in the UK food sector with the cost of many agricultural goods rising rapidly in recent weeks, official figures suggested. Page 9

Russia 'crushes' rebel attack: Russian forces said they had crushed a major assault by Islamic rebels on a remote border post in the Central Asian republic of Tajikistan. Russian officials said more than 30 fighters were killed.

World Trade body sets up disputes panel: The first disputes panel to be set up under the new World Trade Organisation was approved by the WTO's disputes settlement body. Page 6

'Important' Roman ruin unearthed: Archaeologists in northern Luxembourg have discovered the finest Roman ruin to be unearthed in northern Europe for 30 years, natural history museum officials said.

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	4,182.52	(0.0)
NASDAQ Composite	819.63	(+4.94)
Europe and Far East		
CAC40	1,880.92	(-19.44)
DAX	1,972.29	(-9.59)
FT-SE 100	3,204.2	(-6.7)
Nikkei	16,163.6	(+443.59)

US LUNCHTIME RATES

Federal Funds	6%
3-mth Treas Bills: Yld	5.649%
Long Bond	102¾
Yield	7.389%

OTHER RATES

UK: 3-mo Interbank	6$\frac{15}{32}$%	(6⅝%)
UK: 10 yr Gilt	100$\frac{11}{32}$	(100$\frac{9}{32}$)
France: 10 yr OAT	98.08	(98.3)
Germany: 10 yr Bund	101.75	(101.85)
Japan: 10 yr JGB	107.697	(108.187)

NORTH SEA OIL (Argus)

Brent 15-day (May)	$18.04	(18.21)

GOLD

New York: Comex		
(Jun)	$392.6	(395.7)
London:		
close	$389.2	(393.5)

DOLLAR

New York: lunchtime		
£	1.5935	
DM	1.4125	
FFr	4.907	
SFr	1.161	
Y	83.35	
London:		
£	1.5935	(1.6068)
DM	1.4055	(1.3811)
FFr	4.8865	(4.8029)
SFr	1.157	(1.134)
Y	83.085	(84.155)

STERLING

DM	2.2395	(2.2191)
Tokyo close:		Y 82.5

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft185	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lw100.00	Iceland	IKr220	Nigeria	Naira30	Slovak Rp	KSL60
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	CZK55	Israel	Shk7.90	Oman	OR1.50	Spain	Pta225
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Pes50	Switz	SFr3.60
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£50.00
Finland	FM15	Kuwait	Fils.625	Portugal (mland)	Es230	Tunisia	Din1.500
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000
Germany	DM3.80	Lux	LFr70			UAE	Dh12.00

Eurotunnel 'at risk of failing'

Channel tunnel operator warns on debt but chairman takes optimistic stance

By Geoff Dyer and John Gapper in London

Eurotunnel, the Anglo-French operator of the Channel tunnel, announced yesterday it would have to renegotiate its financing again this autumn, warning that it was "at risk" of failure because of interest payments on its £8bn ($12.8bn) bank debt.

Sir Alastair Morton, Eurotunnel's British co-chairman, warned in a statement to shareholders accompanying the 1994 financial results that "in 1995 we may succeed or we may fail. Our debt service costs may overwhelm us".

However, after Eurotunnel's publicly quoted shares dropped sharply, Sir Alastair later sounded a more optimistic tone. "Today's statement is not some kind of farewell. We are not going bust." The shares closed 24p down at 218p.

Yesterday's events were the latest episode in the stormy history of Eurotunnel since it was established in 1986 to build and operate the Channel tunnel. The company has had a constant battle to raise finance as the costs of the project more than doubled.

Since its initial public offering, Eurotunnel has made two rights issues and gone to its bankers three times for refinancing. Delays in opening the tunnel and late deliveries of trains have held up the growth of revenues.

Last May, Eurotunnel raised £816m in a rights issue and negotiated a £693m debt facility with its banks. Yesterday, it ruled out any further rights issue to cover the funding gap caused partly by the delays.

The company could be forced into administration if fails to generate enough revenue this summer, and banks refuse to take part in another re-financing. However, one banker involved in talks said they were unlikely to force a crisis.

"If the analysts and shareholders find this somewhat nervous stuff, then so be it. It has been a matter of strong nerves throughout," said Sir Alastair, who said he had faced several similar crises over the past eight years.

Directors said that they were likely to seek re-financing of at least some of the £8bn bank debt on capital markets. They believed that a convertible bond issue - which could be launched next year - would halve interest payments.

Eurotunnel said it had reached agreement with its 225 banks which would allow it to draw up to £300m of the debt facility by October 31. The banks have agreed to waive some conditions on the loan facility pending re-financing talks.

Eurotunnel has also been affected by a rise in its funding costs caused by higher interest rates. Banks think it may run out of cash in 1996, having spent £419m that was expected to take it to its projected break-even point in 1998.

However, Eurotunnel directors are likely to face tough negotiations with banks. If Eurotunnel fails to meet revenue targets this summer, banks could press for an equity stake in the project in return for reducing interest payments on debt.

Eurotunnel announced it had made a pre-tax loss of £386.9m in 1994. Revenues in the first quarter were £50m, compared with a forecast last year that it would have revenues of £525m in 1995.

The 1994 revenue of £30.6m was below the £137m predicted at the time of last year's rights issue. Sir Alastair blamed start-up delays, due to a "regulatory and equipment valley of darkness" that the group had encountered.

Additional report, Page 8
Lex, Page 16
Eurotunnel in a hole, Page 17

Bronfman moves to win over executives of MCA

By Richard Waters in New York

Mr Edgar Bronfman Jr began his career as Hollywood's newest movie mogul in meetings in Tinseltown yesterday, seeking to win over key executives in MCA, the entertainment group he has just paid $5.7bn to control.

Seagram, the Canadian spirits group headed by Mr Bronfman, reached agreement late on Sunday to buy 80 per cent the company, whose interests include the Universal Pictures studio. The remaining stake will be retained by Matsushita, the Japanese company which has owned MCA since 1990.

Mr Bronfman was due to lunch yesterday with the two heads of MCA, Mr Lew Wasserman, chairman, and Mr Sidney Sheinberg, president, and would spend the rest of the day meeting other MCA executives, an adviser said.

Mr Sheinberg is a close friend of Mr Steven Spielberg, who besides directing Universal Pictures hits like *Jurassic Park* is expected to use the company to distribute movies for his new Hollywood venture, DreamWorks SKG.

After agreeing the MCA purchase, Mr Bronfman said he had not had talks with either man. He denied, though, that he had talked to other entertainment industry executives about taking a senior role at MCA. Mr Michael Ovitz, Hollywood's leading agent, has been widely rumoured to be about to take a senior role at MCA.

Meanwhile, stock market attention switched yesterday to other US entertainment companies linked to Seagram.

Shares in Time Warner, the cable television and entertainment group in which the Canadian group holds 14.9 per cent, fell on expectations that Mr Bronfman would move quickly to sell his shares. Late on Sunday, the 39-year-old Canadian said he had not yet had time to develop a plan for the $2.1bn Time Warner stake.

He said, though, that by selling

Continued on Page 16
Hangover risk and Editorial Comment, Page 15; Lex, Page 16

Senate leader stresses 'sense and sensitivity' in battle for Republican nomination

Dole launches third run at White House

By George Graham in Topeka, Kansas

Bob Dole and his wife Elizabeth celebrate the declaration of his candidacy for the US presidency to the sound of brass bands Picture: Associated Press

To the sound of high school brass bands, Senator Bob Dole yesterday officially declared his candidacy for the US presidency.

Cold winds and the threat of thunderstorms compelled the 71-year-old leader of the majority Republicans in the Senate to launch his third run for the White House in a basketball arena, instead of on the steps of the Kansas state capitol.

But the galaxy of governors, senators and elected officials from other states who came to Topeka for the announcement showed why the Dole machine is the early frontrunner to win the Republican nomination in next year's primaries.

"Common sense and uncommon sensitivity: that's the Kansas way," said Mr Dole, a veteran politician with 34 years in the US Congress behind him.

However, the success of Mr Newt Gingrich, speaker of the House of Representatives, and his allies in last November's congressional elections has brought into vogue a more ideological brand of Republicanism than Mr Dole's pragmatic conservatism.

Some Republicans remember his efforts to raise taxes under President Ronald Reagan and have labelled him Cut-a-Deal Bob. Others recall his support for affirmative action, school lunches and food stamps, though he has now joined the campaign to roll back these programmes.

His leading rivals for the Republican nomination, notably Senator Phil Gramm of Texas, have set out to portray Mr Dole as insufficiently conservative to be the party candidate in the 1990s. But Mr Dole's fellow Kansans scoff at Mr Gramm's claims to leadership. "If he wins the nomination, the Republicans have lost the vote," one said.

Mr Dole says he decided to run for the White House when he attended the D-Day commemorations in Normandy last year, and his official announcement coincided with the 50th anniversary of his suffering severe wounds in the Po Valley campaign.

His campaign is expected to focus on the theme of cutting back the federal government, of which he has been a part for so long. "My mandate as president would be to rein in the federal government in order to set free the spirit of the American people; to reconnect our government in Washington with the common sense values of our citizens; and to reassert American interests wherever and whenever they are challenged around the world," he said yesterday.

Mr Dole threw his support behind the central elements of the $189bn package of tax cuts passed by the House last week, but whose fate in the Senate has been in doubt.

But the man who Mr Gingrich once called "the tax collector for the welfare state" has more work to do to convince core Republican voters that he is sound on taxes.

China rebuffs criticism by US of large trade surplus

By Tony Walker in Beijing

China rebuffed US criticism of its trade policy yesterday and questioned US figures showing a large trade surplus in China's favour.

Speaking at an international conference in Beijing, Ms Wu Yi, China's combative trade minister, publicly sparred with Mr Jeffrey Garten, US undersecretary of commerce for international trade, who had earlier warned that the US trade deficit with China was the source of growing political pressures.

The minister cited Beijing's trade statistics to counter Mr Garten's claims that China's exports to the American market in 1994 exceeded imports by $29.5bn.

Chinese statistics showed that total two-way trade last year reached $35.4bn. "Those with common sense would understand the [US] figures were not well founded," she said. China has long maintained that the US trade figures are skewed by the inclusion of exports through Hong Kong.

Mr Garten attributed the difference to calculation methods, and said a working committee of officials from both countries was studying approaches to measuring trade.

He had criticised Chinese trade barriers as an irritant to the political and economic relationship. He described the deficit as a "growing problem", second in magnitude to that of the US trade imbalance with Japan.

China's market needs to open faster and more broadly, he said. It was "crucial" that the rising trade imbalance be slowed. "We should be under no illusions as to how much change needs to take place in order for the imbalance to be rectified," Mr Garten said.

On China's ambitions to become a founder member of the World Trade Organisation, a US official said Washington "staunchly supports" such an application, but warned that "negotiations will not be easy".

Ms Wu and Mr Mickey Kantor, US trade representative, reached an agreement in Beijing last month in which China agreed to lift quotas and licensing requirements on various agricultural products, textile machinery, textile and apparel products, computers and heavy machinery.

But Mr Garten said the changes required in China's trading rules were "so deep and so sweeping that it is likely to be many years before we see a meaningful reduction in the bilateral trade imbalance". He added: "We must plan for the near-term development of the relationship between our countries in the context of enduring trade tensions."

CONTENTS

Major appeal for Bosnia truce

By Laura Silber in Belgrade and Bruce Clark in London

Britain's prime minister, Mr John Major, yesterday urged Bosnia's warring sides to respect the tattered ceasefire and to realise that they have nothing to gain from sliding back into full-scale conflict.

"War will not produce a settlement," he told the annual meeting of the European Bank for Reconstruction and Development. He was speaking as representatives of the five-nation contact group – the US, Russia, UK, France and Germany – headed to former Yugoslavia for a last-ditch attempt to avoid a huge flare-up when the current truce expires on April 30.

Mr Major said the Bosnian parties were "quite literally playing with fire. If they rekindle all-out war, I do not believe any of the participants will be able to make lasting gains".

He told the Bosnian Serbs they would remain under "sanctions and self-imposed isolation" if they continued to hold out against the contact group's peace plan.

Urging the five-nation group to press on, Mr Major said: "However hard the task, the contact group should continue its efforts and pressure to encourage direct negotiations between the Bosnian parties, because the alternatives are very bleak indeed."

The UN commander in Bosnia yesterday warned Bosnian Serbs that they risked Nato air strikes if they continued to shell civilian targets and violate the heavy weapons exclusion zone around Sarajevo.

Following the upsurge in Serb attacks, which forced the closure of Sarajevo airport to humanitarian aid flights, General Rupert Smith, UN commander, protested to the Bosnian Serb leadership.

There were 12 mortar impacts, some as big as 120mm, in Sarajevo yesterday. Initial reports said two civilians had been killed and several injured. Fighting has escalated sharply throughout Bosnia in the past month.

Helicopters yesterday dropped bombs on Donji Vakuf, a Serb-held town in central Bosnia. UN officials were investigating the attacks to see whether they were launched by Bosnian government or Croatian forces.

Nato polices a UN no-fly zone over Bosnia, but generally ignores helicopter flights, particularly when they are Bosnian government flights over their own territory. Nearby, fierce clashes erupted between Bosnian Serb and Croat forces in Zepce.

The increase in fighting comes as the search for a settlement to end the three-year war has lost momentum.

The Belgrade regime was disappointed yesterday after Mr Qian Qichen, Chinese foreign minister, on a three-day visit to Belgrade, made clear that Beijing would not press for the immediate lifting of sanctions. China was the only country on the UN Security Council which did not vote in favour of the sanctions imposed in 1992.

Mr Jimmy Carter, former US president, who last December negotiated the current four-month ceasefire, offered at the weekend to return. But the Bosnian government yesterday rejected the idea.

Development delayed by lack of office space

Central and east European countries need to build commercial property, writes Simon London

It is ironic that this weekend's annual meeting of the European Bank for Reconstruction and Development took place in the City of London which boasts an almost unrivaled stock of modern office space. The contrast with the business centres of central and eastern Europe could not be greater.

In Moscow, St Petersburg, Kiev and Warsaw, shortages of office space have pushed rents higher than the best areas of London or Paris.

The United Nations Economic Commission for Europe recently noted that "shortages in the supply of suitable commercial premises has delayed a number of foreign manufacturers, trade and service organisations from establishing themselves in the region".

As well as attracting foreign companies, increased property development could also create employment in the building materials and construction industries. Only 4-6 per cent of the working population in central and eastern Europe is employed in these sectors, compared with 12-15 per cent in the European Union.

The EBRD's strategy for the property sector, published this week, identifies three main barriers to property development in central and eastern Europe:

- Inadequate legal frameworks in many countries which make it difficult to define property rights or register title to property.
- Tax regulations which prevent local enterprises from earning a reasonable return on property investment and which discourage international investors.

For example, Russia charges a 20 per cent value added tax on goods and services acquired for property development. While this can be off-set against future tax payments, inflation over the long construction period of property projects makes VAT, in effect, a pure investment tax.

- A shortage of construction finance because local financial institutions are relatively small and international banks are reluctant to participate.

Only a handful of international banks, mostly Austrian, have been actively engaged in property development. The number has actually declined over the past two years.

Against this background the EBRD says shortages of business space could worsen over the next few years. Moreover shortages are not just restricted to offices.

The EBRD's strategy identifies an acute need for modern warehousing and distribution space in the Visegrad countries – the Czech Republic, Slovakia, Poland and Hungary.

It argues that modern customs clearance facilities are needed urgently on the borders between Bulgaria and Romania, the Czech and Slovak Republics, and the Baltic countries. This would involve building secure areas for vehicles, sleeping areas for drivers, shops and petrol stations.

The EBRD also says that Hungary, the Czech Republic and Poland have reached a stage of economic development where high-profile retail projects may be worth promoting.

As well as lending directly to development projects, the EBRD may also have a role in attracting private sector capital into the region.

For example EBRD property loans are structured on standard terms wherever possible, which may allow it to sell parts of its loan book to commercial banks in future. This may be the first step toward encouraging western commercial banks' lending directly.

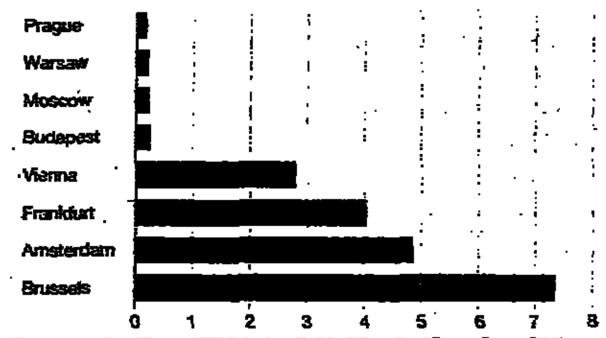
The EBRD is also considering whether to help promote property funds which would raise equity from institutional investors for investment in the region.

Much of the equity finance for property development projects comes from construction companies which are trying to establish themselves in the markets of central and eastern Europe.

Once the companies have achieved this short-term objective, however, they are likely to pull back from property development.

Modern office stock in selected cities

(Thousand sqm as at September 1994)



Source: Jones Lang Wootton, DTZ Debenham Zadelhoff Central and Eastern Europe BV, Price Waterhouse, Gerald Eve International

EU points the way for six would-be members

By Lionel Barber in Luxembourg

The European Union yesterday gave six aspirant members from central and eastern Europe a foretaste of the upcoming white paper setting out a road map for adapting their economies to the internal market.

Despite general enthusiasm, the Czech Republic, Poland, and Hungary all signalled that they expect the Union to offer economic or financial rewards in return for taking on the burden of EU legislation, prior to full membership.

The exchange took place at a crammed meeting in Luxembourg of the 15 EU foreign ministers and their counterparts from the six associated members: Poland, the Czech Republic, Hungary, Slovakia, Bulgaria, and Romania.

The Czech republic disclosed that it would join Poland and Hungary in applying for membership by the end of the year.

The two-volume white book, prepared by the European Commission, describes in detail the measures which are required to join the single market, with its free movement of goods, services, capital and people.

It is to be unveiled at the end of this month.

Mr Alain Juppé, the French foreign minister who chaired the Luxembourg meeting, stressed that the white paper would not be a substitute for accession negotiations.

It would not impose new conditions nor would it have any legal force.

Several delegations, led by Poland, expressed disappointment that the white paper would not contain a timetable for implementing measures.

Some said it could raise the threshold for membership – if the conditions for taking on EU competition, social and environmental policy were too onerous.

The result is that the associate EU members are likely to seek "compensation" from the Union in future.

This could include EU promises to renounce anti-dumping measures, or a commitment to respect certificates and diplomas from central and eastern Europe, said Mr Wladyslaw Bartoszewski, the Polish foreign affairs minister.

Meanwhile, the Commission has proposed reducing funding of aid to the former communist countries to Ecu6.7bn (£5.6bn), compared with an original proposal of Ecu7.01bn. The proposal for the Mediterranean countries is Ecu5.16bn.

Norway's failure to approve EU membership in last year's referendum has led to an adjustment in the budget plan, but the Commission is also trying to assure that other less important foreign policy areas such as Africa and China receive a fair share.

- Ministers deferred a decision on whether to give the go-ahead to the suspended interim trade agreement with Russia. The move signals continuing dissatisfaction with Russia's actions in the breakaway republic of Chechnya.

EUROPEAN NEWS DIGEST

Aid for Kiev's power reform

The World Bank is today expected to approve a $114m (£70.6m) loan to help restructure Ukraine's electricity sector. The loan will support an ambitious programme to dismantle Ukraine's eight vertically integrated power monopolies and replace them with four independent competing electricity generators.

The plan is Ukraine's first serious attempt at sector-wide reform and puts the country, a regional laggard in forging the transition to a free market, in the vanguard among east European countries trying to overhaul their electricity sector.

President Leonid Kuchma took a critical step last week with a decree setting up a national electricity "pool", authorising denationalisation of four plants, and creating 27 local electricity distribution companies. The measures, resisted by an energy establishment reluctant to give up control, are to be implemented by July 1. "Within a few months, reform will become irreversible," said Mr Laszlo Lovei, a World Bank energy specialist. *Matthew Kaminski, Kiev*

Court challenge over bananas

Banana importers are to complain to Germany's constitutional court that the EU's controversial banana import policy is violating their right to compete fairly in Europe. They will argue the EU's banana regime has left Germany with a more than 50 per cent cut in imports, consumer price rises of 60 per cent, severe job losses and company closures.

The EU's current banana regime replaced national restrictions on imports after the move towards a single market in 1993. It gives preferential access to African, Caribbean and Pacific producers to the detriment of mainly Latin American producers. *Emma Tucker, Brussels*

Turkish PM in gesture to US

Mrs Tansu Çiller, Turkey's prime minister, said yesterday she would continue taking a hard line against terrorism but promised to liberalise the country's repressive security laws.

Her speech came a few hours before arrival in Ankara of Mr Strobe Talbott, assistant US secretary of state, who is expected to reiterate demands that Turkey show greater respect for human rights in its war against guerrillas of the Kurdistan Workers party (PKK) and end its three-week incursion into northern Iraq. In a further gesture of goodwill, Mrs Çiller has begun pulling back some of the 35,000 troops she sent into mainly Kurdish northern Iraq on March 20 to hit PKK sanctuaries. *John Barham, Ankara*

French booster for electric cars

The French government yesterday announced it would pay FFr5,000 ($1,040) to anyone buying an electric car in an attempt to boost the market and reduce the price differential with conventional vehicles. The measure, starting in July, is expected to be combined with a further subsidy of FFr10,000 per car from Electricité de France, the state-owned utility. This subsidy will be paid to makers or importers of vehicles.

Officials indicated the measures, to cost the government an estimated FFr30m to FFr40m, are to help reach a goal of 100,000 electric vehicles in France by the year 2000. The announcement, by the office of Mr Edouard Balladur, the prime minister and a presidential candidate, comes less than two weeks before the first round of voting on April 23. It may help bolster the premier's support among environmentalists. *John Ridding, Paris*

German-Kazakh pacts signed

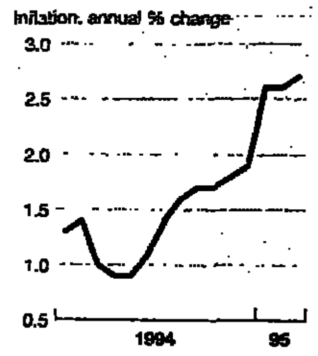
Germany and Kazakhstan yesterday signed trade and anti-crime pacts but failed to reach agreement to protect the rights of Kazakhstan's ethnic German minority. Kazakhstan fears such an agreement would encourage other ethnic minorities, including Russians and Uzbeks, to demand recognition of similar status. *Alma-Ata, AFP*

ECONOMIC WATCH

Norway's inflation edges up

Norway

Inflation, annual % change



Source: Datastream

Norwegian annual inflation edged up to 2.7 per cent in March from 2.6 per cent in February, pushed by a 0.6 per cent rise in the consumer price index in the February-March period after a 0.4 per cent rise in the previous month. Inflation for the full year 1995 is forecast to reach 2.5 per cent after a low last year of 1.4 per cent. But the pick-up in prices has not dimmed a bright outlook for the Norwegian economy. Although economic growth this year is not expected to reach last year's level of more than 4 per cent, strong oil revenues and a tightening fiscal stance are expected to move state finances into surplus next year. *Hugh Carnegy*

- The downward trend in Spanish unemployment was confirmed by March figures showing a fall of almost 29,000 in the number of registered job-seekers to 2.55m.
- Spanish factory-gate prices jumped by 1.2 per cent in February to stand at 6.6 per cent above their level a year earlier. Chemicals and paper products prices were up sharply.
- German wholesale prices rose by 1 per cent in real terms in February, a year-on-year increase of 2 per cent.

Russian savers search for safety

John Thornhill on the problems of domestic investors looking for somewhere to put their money

The 74-year history of the Soviet Union may have discredited the concept of communism for most Russians, but recent events have only reinforced one of Marx's central tenets: politics is the struggle for capital. One of the fiercest political rows to rage in Russia now revolves around the private capital saved and lost by domestic investors.

Last week, the lower house of parliament overturned the presidential veto of a law which promised to compensate the 70m depositors in Sberbank, the state savings bank, whose wealth was wiped out by the inflation which ravaged Russia since 1992. Government officials accepted the obligation to pay some form of compensation to depositors but said indexing savings to inflation would result in a bill for R500,000bn ($100bn) destroying this year's budget – and probably every other budget for the foreseeable future.

For this reason, it is unlikely that the law will ever be implemented as intended. Nevertheless, financial experts are working on alternative proposals for securitising the state's debts. It may be possible to compensate savers by paying them in shares of privatised companies, for example.

But the row over Sberbank has highlighted the difficulties of trying to invest in a high inflation environment as well as the lack of sound alternative investment institutions. Mr Victor Agroskin, vice president of Rinaco Plus, a Russian stockbroking firm, says: "The current pattern of savings is very simple. People either change their money into US dollars or they put it into pyramid schemes."

Last year, thousands of investors lost money by investing in the MMM pyramid scheme and a fresh financial scandal now seems to crop up every month. But investors remain distrustful of depositing money even in respectable banks while rumours persist that the government may freeze hard currency accounts. They also worry that opening savings accounts is an open invitation for the taxman – or the mafia – to investigate their finances.

Economists estimate that Russians save about 18 per cent of their rouble income. But this ignores the large amount of savings also held in dollars. Government officials say about $23bn in new US dollar notes have been flown into the country in the past 18 months. Much of this goes straight out again in the form of flight capital to be deposited in Swiss bank accounts or into overseas property. But one western diplomat in Moscow estimates the total amount of US dollars in circulation in Russia is now roughly equivalent to the total rouble money supply.

The government attaches a high priority to creating mechanisms to soak up this potentially vast domestic savings pool and encourage it to be invested in the productive economy. It is preparing a whole raft of legislation to regulate pension and mutual funds and develop the infrastructure of Russia's nascent capital markets.

One of the most hopeful signs came this weekend when Pioneer Group, a US fund management company, won approval to take a 51 per cent stake in First Investment Voucher Fund, the largest voucher fund created during the privatisation process. Pioneer hopes to expand this voucher fund and may even use it to launch mutual funds when the market has matured. When it offered mutual funds in Poland three years ago it sucked up about $1bn of domestic savings from 500,000 investors.

But it will take a big change in psychology for Russians to entrust their money to investment funds and understand the virtues of long-term capital appreciation as opposed to short-term gain. The most vociferous speakers at the First Investment Voucher Funds's annual meeting were fearsome *babushki* in woolly hats and winter boots who demanded higher dividend payments right now.

One shareholder, seemingly well schooled in the Marxist principle of "from everyone according to their abilities and to everyone according to their needs", received rapturous applause when she suggested that pensioners should receive bigger dividends. It was left to the directors meekly to explain that things do not work like that anymore.

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NEWS: EUROPE


Supporters mob Socialist Lionel Jospin at the weekend AP

Presidential hopefuls take to airwaves as official campaign opens

French rivals make their pitch

By David Buchan in Paris

France's nine presidential candidates yesterday each got 60 seconds on state television to make their opening pitch to the voters, at the start of the "official" campaign designed to put minor runners briefly on a par with the leading contestants.

France forbids paid campaign publicity on the airwaves, but in the final fortnight before the first round vote on April 23 gives each candidate a total of 90 minutes on state TV and 60 minutes on state radio to sell himself or herself to viewers. Most of this airtime is sliced up into lengthier political ads of two, five or 15 minutes.

But the 60-second slots that open and close this "official" campaign forced candidates to choose one essential message. For some single-issue candidates, this was easy. Ms Arlette Laguiller, the union official at Crédit Lyonnais, promised to confiscate corporate profits to put the unemployed back to work. Mr Jacques Cheminade showed a clip of the 1987 stock market crash, and urged France "not to adapt to, but to break with" international financial markets. And Mr Philippe de Villiers, the anti-Maastricht and anti-Gatt candidate, trumpeted the need for "liberty and honesty", values symbolised by a clip of sportsmen from his rural constituency.

Ms Dominique Voynet, the Green candidate, crammed more into her minute by showing a little girl hop-scotching across squares marked "solidarity, democracy, fraternity, parity, and ecology". Mr Jean-Marie Le Pen, the National Front leader, mainly grinned and promised "a surprise" on April 23, while Mr Robert Hue, the Communist leader, claimed a vote for him would be a "useful vote", contrary to Socialist complaints that he was merely splitting the left.

For the three main candidates, the task of boiling thousands of words of campaign promises into a single phrase seemed hardest. Of the two Gaullist candidates, a hoarse Mr Edouard Balladur stressed "truth" and an avuncular Mr Jacques Chirac underlined his "determination", while the Socialist Mr Lionel Jospin called for a "juster" France and, alone of all the candidates, stood before the camera to illustrate the uprightness of his cause.

French TV viewers look unlikely to get more than these campaign clichés over the next fortnight. Mr Balladur and Mr Jospin are still clamouring for a TV debate, but the man they want to debate is Mr Chirac, the front-runner. The latter points that US-style television debates are not customary in France, at least not before the first round, and he has absolutely no self-interest in bending that tradition.

Finnish parties united on cuts in spending

By Christopher Brown-Humes in Stockholm

Finland's prospective five-party coalition government yesterday united around a FM20bn (£2.9bn) package of spending cuts, underlining its commitment to fiscal discipline even before it has assumed office.

The measures, announced by Mr Paavo Lipponen, the Social Democratic leader who is expected to lead the new government, will cut welfare spending, reduce state transfers to local government, and introduce lower agricultural and housing subsidies.

The aim is to stabilise the government's rising debt and to ensure that Finland, which joined the European Union in January, meets the Maastricht criteria for economic and monetary union.

Financial markets responded positively to the package. The markka rose against the D-Mark, while interest rates on nine-year bonds eased by 0.2 percentage points to 9.60 per cent. Finnish interest rates are now significantly lower than those in Sweden, reflecting the greater credibility of Finland's efforts to tackle its budget deficit and debt problems.

The Social Democrats, winners of the general election three weeks ago, hope to finalise a broad coalition with the Conservatives, the Swedish People's party, the Left Alliance and the environmentalists in the next few days. The split of ministerial responsibilities has been agreed although formal appointments have yet to be made.

Mr Lipponen said FM12bn of temporary spending cuts – implemented by the outgoing centre-right government – would be made permanent while FM10bn of new cuts would be implemented next year.

Unemployment, sickness and child benefits will be among the main casualties. There will also be a sharp cut in support to the heavily-subsidised farming sector.

Spending will be reduced by a further FM10bn after 1996, assisted by additional cuts to be agreed before September. The package also provides for lower labour taxes to help combat Finland's 18 per cent unemployment rate.

Finland's general government deficit of FM30bn, or 5.5 per cent of gross domestic product, is expected to fall sharply next year, helped by the country's broader economic revival after its deep recession between 1991 and 1993.

Government gross debt, which was FM300bn, or 60 per cent of gross domestic product, at the end of last year, is forecast to stabilise in 1996 or 1997.

"Seldom has so much been achieved by a government that doesn't exist," said Mr Sixten Korkman, director-general of the Finnish finance ministry. He stressed that with a broad-based government in prospect, it was important that the cuts be agreed early.

The package was welcomed by the Confederation of Finnish Industry. "Finland now has everything needed to control interest rates and keep exchange rates as stable as possible," said Mr Johannes Koroma, the confederation's managing director.

Gloves off in Italian local elections

Robert Graham watches two political blocs prepare for a bruising fight

The campaign for Italy's regional elections went into top gear over the weekend as politicians prepared for a bruising confrontation in the final two weeks before the poll.

The elections on April 23 affect the 15 regions in mainland Italy but exclude Sardinia and Sicily. Although regional administrations have only limited powers, the poll has acquired a significance well beyond the impact on local government. It is being treated as a trial run for general elections.

Indeed, the date for the next general election will be largely determined by the performance of the main parties and their alliances. The poll will also be an important test of the popularity of Mr Silvio Berlusconi, the media magnate turned politician whose personal political fortunes seem increasingly at risk.

New legislation approved six weeks ago introduced the first-past-the-post voting system for the regions. This system now covers the majority of seats in both national and local elections. It has given a further push towards a bi-polar political system with two broad alliances fighting each other.

The composition of these two alliances, and the number of parties seeking to go it alone, differ by the region. But in general the contest is between the two large groupings which have been coalescing round the centre-left and the right since the collapse of the Berlusconi government last December.

The centre-left alliance is formed round the dominant force, the former communist Party of the Democratic Left (PDS). The PDS accounts in the latest polls for about 25 per cent of the national vote and retains a formidable country-wide organisation network based on that of the old Italian Communist party. However, the alliance also contains members of the former Socialist party, the Greens, the Network (the Sicily-based clean government movement), supporters of the reformist movement of Mr Mario Segni, plus the main parliamentary group in the Popular party (PPI), the fractious grouping for ex-Christian Democrats which has just split.

The right-wing alliance revolves round two parties: the Forza Italia movement of Mr Berlusconi and the National Alliance, led by Mr Gianfanco Fini and heir to the neo-fascist MSI. But it also contains former Liberals and the rightist element of the old Christian Democrat party under the banner of the Christian Democratic Centre.

Since Christmas the alliance has been joined by dissident members of the populist Northern League, and, in the past two weeks, by break-away members of the PPI headed by Mr Rocco Buttiglione, the leader.

Polls suggest Mr Berlusconi's right-wing alliance has about 54 per cent of the vote and could win at least eight of the regions. But stringent new rules on media coverage during elections prevent the publication of opinion polls in the last three weeks of the campaign. Thus, last minute alliance shifts by the smaller parties cloud the picture – as well as the very large floating vote.

The split in the PPI could weaken the chances of the centre-left in three "marginal" regions: Basilicata, Liguria and Marche. The party won 10 per cent of the vote in the European parliamentary elections of May 1994, the last national test of electoral opinion.

The split occurred just when alliances were being finalised for individual regions, and it is far from clear where this vote will go – especially as neither those led by Mr Gerardo Bianco allying with the PDS nor those on the right have been allowed, due to a legal dispute, to use the party's well known symbol of a white shield with a red cross retained from the Christian Democrats. In two regions the Bianco faction has even decided to go it alone.

The centre-left has also been weakened by the League's decision to stand alone in its heartland of northern Italy. The effect of the League vote inside the centre-left alliance was well demonstrated over the weekend in a by-election at Padua. In a straight fight between two candidates, the centre-left won convincingly with 57 per cent of the vote – a higher margin than shown by the polls.

Mr Bossi may still be persuaded to do some deal with the centre-left; but at present he is sticking to his belief that the centre-left is unlikely to win Lombardy, Piedmont and the Veneto. By standing alone, he hopes to raise his bargaining value in the forthcoming general elections.

At present, the centre-left looks certain to win in the old "red" belt of Emilia Romagna, Tuscany and Umbria; the Berlusconi alliance is counting on winning Lombardy and Veneto in the north, and Campania, Molise and Lazio in the centre and south. The most uncertain region is Piedmont. Up and down the country, the centre-left has a better administrative record at the local level; but the right now dominates the all-important propaganda war through control of the state and commercial television networks.

The Berlusconi camp will not be judged simply by victory or defeat. There is casual evidence suggesting the political stars of Mr Berlusconi and his Forza Italia movement have begun to ebb at the expense of Mr Fini of the National Alliance. Mr Berlusconi is certainly treating the campaign as a personal crusade to demonstrate his continued popularity and win back the premiership.

Mr Berlusconi cannot afford to see the Forza Italia vote fall significantly from the 30 per cent at the May European parliamentary elections. Equally, if the National Alliance share of the vote rises from 12 per cent in May to, say, more than 20 per cent, Mr Berlusconi's hold on the leadership of the right-wing alliance will be undermined.

Alitalia hit by strike against restructuring plans

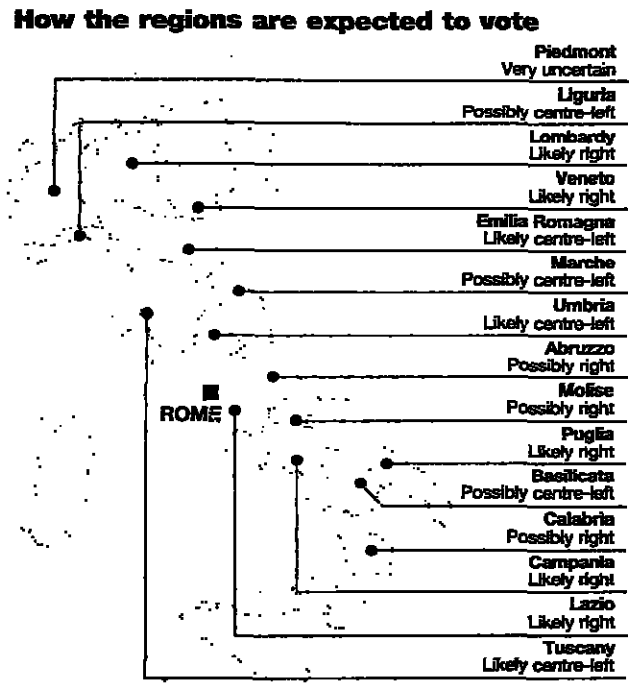
National and international flights of Alitalia, Italy's state-controlled airline, were hit yesterday by the most concentrated strike action yet taken by unions in a series of protests against drastic restructuring plans, writes Andrew Hill in Milan.

The strikes, which ended at midnight last night, affected all categories of Alitalia employees, from pilots to ground staff, and came in spite of new attempts at negotiation over the weekend.

Under Italian law, flights at peak hours are exempt from strike action, and Alitalia said yesterday that most customers had received sufficient warning of the industrial action to change their travel plans. There was no overall indication of the number of flights disrupted, but at Milan's busy Linate airport just under half Alitalia's flights were cancelled.

Alitalia is attempting to implement a three-year plan which envisages a 20 per cent cut in personnel costs and a 12 per cent reduction in operational costs. Last year the national carrier cut staff to 18,676, from 20,152 at the end of 1993, and is looking to make a further 1,500 staff redundant this year. Iri, the state holding company which controls the airline, has said it will authorise a final capital injection for Alitalia only if the company breaks even.

How the regions are expected to vote



Airbus technical fault led to crash, says Romania

By Michael Skapinker, Aerospace Correspondent

A Romanian Airbus crash last month resulted from an engine's failure to respond to an instruction to reduce power and not from a bomb blast, according to the Romanian authorities' preliminary findings.

Airbus Industrie, the European manufacturing consortium, said yesterday it accepted the finding, which it had sent to all operators of its aircraft.

The twin-engine Airbus A310, operated by Tarom, the Romanian state carrier, crashed on March 31, shortly after take-off from Bucharest's Otopeni airport. All 49 passengers and 11 crew on the Brussels bound flight died.

The Romanian accident investigation committee said yesterday that the aircraft's right-hand engine did not respond to the automatic throttle system's instruction for thrust to be reduced after take-off.

A series of recent bomb hoaxes in Romania resulted in speculation that an explosion could have caused the crash. The Romanian authorities said this possibility could now be excluded.

The investigators said the aircraft's two "black boxes" were recovered the day after the crash. The cockpit voice recorder was read in Bucharest. The digital flight data recorder was processed last week by the UK's Air Accidents Investigation Branch.

Although the data is not yet fully validated, Romanian investigators said they now knew that the aircraft was flown manually on take-off, with the autopilot switched off. However, the auto-throttle system (ATS), which sets the engine thrust required, was on.

The aircraft climbed to about 2,000 feet at about 190 knots, at which point it would have been normal for the engine thrust to be reduced. The ATS automatically sets the thrust required by moving the throttles to the appropriate position.

However, it appears that the right-hand engine was mechanically prevented from responding to the input from the ATS. The investigators said the reason for this failure had not been identified. They said it appeared that, in response, the ATS had instructed the left-hand engine to reduce thrust to idle.

The aircraft rolled to the left and then began to travel nose down, at an 80 degree angle to the ground, at 300 knots. It was completely destroyed on impact.

Airbus said it had reminded operators that, if any problem became apparent, the throttle could be moved manually even when the ATS was on. The ATS could also be switched off, Airbus said.

Cabinet's decision deals blow to Franco-German joint venture

Dutch opt for US helicopters

By Bernard Gray in London and Ronald van de Krol in Amsterdam

The Netherlands has chosen a US-made attack helicopter for its army, rather than a European alternative, in a $930m (£580m) deal which has repercussions for a similar $2.2bn decision to be made in the UK this summer.

An order for the McDonnell Douglas Apache was ready to be signed last December but was delayed because of last minute lobbying by the Franco-German Eurocopter group, and had not been expected until Britain had chosen.

The cabinet decision to buy 30 Apache anti-tank aircraft, instead of a similar number of Eurocopter Tigers, has to be ratified by the Dutch parliament. However, it has strong backing from the country's armed forces and defence ministry and is expected to be backed by parliament.

Although the issue had caused a cabinet split in the run-up to the order, the final decision was taken by consensus. In the end, ministers decided the US helicopter was superior and offered greater safety to crews.

The debate pitted Mr Joris Voorhoeve, the defence minister, against Mr Hans Wijers, the economic affairs minister and, to a lesser extent, Mr Ad Melkert, the social affairs minister. The two supporters of the Tiger argued that the time was ripe for European co-operation in defence procurement.

Britain faces a similar competition for 91 attack helicopters between the Apache, which would be assembled by Westland, the Tiger which is being promoted by British Aerospace, and the Bell Cobra-Venom, led by GEC-Marconi. Last week Mr Malcolm Rifkind, the defence secretary, promised a decision by July.

The Apache is the British army's strong favourite and its prospects will have been improved by the Dutch decision. If the UK bought the Apache it would be using equipment in common with the US and the Netherlands, which along with Britain is a key member of Nato's Allied Rapid Reaction Corps.

The hopes of the Eurocopter group to dominate the European market in attack helicopters have been severely damaged by the Dutch move. Pressure for the UK to act as a good European and buy the Tiger will have weakened since the Netherlands has not succumbed to similar lobbying. France and Germany could have difficulty in establishing the Tiger as a European standard, if the Apache was increasingly used by Nato countries.

While the fall in the value of the dollar has made the Dutch purchase Fl 180m (£72m) cheaper than in December, the decisive factor in the Apache's favour was the shorter delivery time and the fact that the aircraft is already operated in several countries.

The Dutch expect to be able to take delivery of the Apache and have it operational in 1999, while the Tiger would not have been available until 2003.

The US government has also offered the Netherlands the temporary use of 12 Apaches from 1996 onwards.

● David Buchan adds from Paris: The French foreign ministry yesterday expressed regret at the Dutch government's choice, complaining that it was lacking "in European solidarity".

Mr Jean-Francois Bigay, Eurocopter president, blamed the bias of the Netherlands' US-trained army pilots. He urged the French and German governments to press ahead with the pre-production contract for the 427 Tigers they plan to buy.

India watchdog staff accused of 'fraud'

By Shiraz Sidhva in New Delhi

The Securities and Exchange Board of India, the government's stock market watchdog, has had its own staff implicated in alleged wrongdoing.

After searching Sebi's Bombay headquarters last week, the government's Central Bureau of Investigation has registered a case of alleged fraud against three Sebi officials for allegedly conspiring with Mr Pawan Sachdeva, head of Delhi-based MS Shoes, to cheat investors through a Rs6.99bn (£140m)share issue which began in February.

Mr Sachdeva, a shoe exporter who had ambitions of diversifying into luxury hotels, was arrested last week and appeared before a court in Bombay yesterday. Relatively unknown until last year, when MS Shoes pipped one of India's largest hotel chains to acquire a piece of prime land in New Delhi for a five-star hotel, Mr Sachdeda shot to prominence with his face displayed in large advertisements in Indian newspapers. He says he is innocent and blames any irregularities on government bodies.

The bureau charged that Sebi officials responsible for approving the company's prospectus, attempted to mislead the investing public by failing to make clear the implications of a rights issue, planned for this month, on the price of shares in the Rs4.28bn public issue which preceded it.

Sebi's powers to regulate Indian bourses were strengthened after the Bombay stock market scandal in 1992. According to a bureau official in New Delhi, the action against the three officials was approved by the Finance Ministry, under whose purview the watchdog falls. Those named in the pre-trial charge sheet include Mr M D Patel, Sebi's executive director, Ms Uma Narayanan, chief of a Sebi division, and Mr R Mohan, a Sebi officer as well as Mr P S Mehrotra and Ms Neetika Juneja, two officers of SBI Capital Markets, the merchant banking arm of the State Bank of India and lead manager in the issue.

The bureau alleges that Sebi officials waived usual rules covering the timing of share issues, the amount investors were required to pay up front, and the way the share price outlook was presented in advertisements for the offering. Those who bought shares in the public offer were not eligible for the deeply discounted rights issue, but could have believed otherwise.

Mr D R Mehta, Sebi's new chairman, last month ordered MS Shoes to return money from investors in the February issue who wished to withdraw. The action resulted in a brokerage default which temporarily shut the Bombay Stock Exchange in a payments crisis not yet entirely resolved.

OBITUARY: MORARJI DESAI

Battler for simple virtues

Mr Morarji Desai, an eminent socialist and fighter for independence who defeated Mrs Indira Gandhi in national elections in 1977 to become India's first non-Congress prime minister, died yesterday in a Bombay hospital at the age of 99.

After being expelled from the Congress party in 1969, he led the Janata party government for two years but left politics after Mrs Gandhi regained power.

A staunch nationalist, Mr Desai made his mark as an able administrator and astute statesman. He was a prominent figure in India's post-independence political scene and one of the last of a generation who fought colonial rule.

A model of simplicity and austerity, Mr Desai embodied the virtues propagated by Mahatma Gandhi. He fought for prohibition, advocated Hindi as a national language and was known for his orthodox Hindu views.

Born to a farming family in Gujarat's Bulsar district, Mr Desai joined the Indian National Congress in 1930 and was jailed several times for his opposition to British rule.

In 1946 he was elected to the Bombay legislative assembly and appointed home and revenue minister, a post he retained until general elections in independent India in 1952.

Mr Desai then became chief minister of Bombay till 1956, when he joined Mr Jawaharlal Nehru's central government as minister for commerce and industry. He was finance minister from 1958 to 1969, when Mrs Gandhi relieved him of his portfolio, leading to his resignation.

He used fasting as a weapon of non-violent protest several times in his 50-year political career. He was among several opposition leaders arrested by Mrs Gandhi in 1976 for opposing the state of emergency she had imposed on the country.

"I hope to be able to live till I'm 120," Mr Desai said when the nation celebrated the beginning of his centenary year in March. He was hospitalised less than a month later.

Mr Desai will be given a state funeral today at Ahmedabad, the capital of Gujarat.

Shiraz Sidhva

Tokyo to finalise economic package

By William Dawkins in Tokyo

The Japanese government plans to announce on Friday its expected economic pump-priming package, to counter the squeeze on export earnings caused by the rising yen.

Prime minister Tomiichi Murayama yesterday instructed the government's Economic Planning Agency urgently to complete the package, plans for which were announced last week.

The dollar's continued fall, touching a new low of Y80.15 in Tokyo yesterday before recovering in the afternoon, has caused growing alarm in the government and frustration with US monetary policy.

"We have been taking the yen's rapid appreciation seriously since early March. Yet the US has not shown a clear positive stance," Mr Masayoshi Takemura, finance minister, complained yesterday.

It is unclear whether the economic package will affect the currency markets, since it is designed merely to protect industries damaged by the foreign exchange turmoil.

The one measure that might move the markets, a cut in the official discount rate, is left to the Bank of Japan, whose firm monetary policy has not yet permitted such a step.

The government plan is expected to bring forward public works spending and extend an existing income tax cut. Mr Kozo Igarashi, chief cabinet secretary, said it would also include aid to small businesses and a cut in securities trading tax, blamed for the low turnover on Tokyo's stock market.

Separately, Japanese industrial machinery producers reported a sharp rise in orders in February, just before the latest stage in the yen's appreciation began. Orders rose 41.9 per cent compared with the same month last year, the first such rise in four months.

Ironically, growth was fuelled by exports, now threatened by the yen's rise. Foreign orders multiplied by more than three and a half times, while domestic business fell 4.2 per cent.

Shoguns left short of a picnic

A protest vote humbles Japan's big parties, **William Dawkins** writes

Japan Agenda

The peak of Japan's cherry blossom season at the weekend was a time for picnics and frivolity for everyone except the country's political establishment.

Sunday's local elections were indeed no picnic for Japan's ruling Liberal Democratic party and its main opponent, the New Frontier party, both humiliated by a protest vote by the residents of Tokyo and Osaka, the two main cities.

Their candidates for the governorships of both cities, the top jobs in Japanese local politics, were defeated by a former television actor and an ex-comedian. The establishment candidates for Tokyo and Osaka, former bureaucrats who were big players in the old power structure, lost by over 460,000 votes in both cities.

Screen experience is no bad thing for prefectural governors, or holders of even higher office, as admirers of former US President Ronald Reagan will recall. Independent politics has been on a steady rise in both Japanese cities, crucibles of political reform, for the past 25 years.

This protest against Japan's traditional power structure has clearly taken the LDP, and to a lesser extent the NFP, by surprise. It is a warning to the nine-month-old government, in its first nationwide poll. The vote was the first countrywide electoral test since the July 1993 general election, which pushed the LDP temporarily into opposition after an unbroken 38 years in government.

"Clearly, these elections show the population wants young blood," says Mr Dan Harada, a political consultant.

Japan's trade partners can be forgiven for asking if all this makes any difference to the conduct of the government and the economy. Is it a stage in Japan's erratic journey towards a power structure more responsive to the electorate, rather than to party factions and entrenched interests?

This protest has shocked the old guard of Japan's power structure

It is a smaller step than it looks. A breakdown of votes, for the 13 out of Japan's 47 governorships, 43 prefectural assemblies and 10 out of 12 city assemblies up for election on Sunday, shows why.

The LDP just about held its ground in rural areas. The protest vote appears to have been confined to Osaka and Tokyo, where the electorate is younger and closer to the disasters – the Kobe earthquake, the Tokyo subway gas attack and the shooting of a senior policeman – which have struck since the turn of the year. Nor are the two new governors, Mr Yukio Aoshima (Tokyo) and Mr Nokku Yokoyama (Osaka), the complete outsiders they seem.

They both held seats in the upper house for many years, members of a small group of former comedians, before trying for the big city jobs.

As Mr Yokoyama pottered round Osaka on his bicycle and Mr Aoshima stayed at home reading books about the bureaucracy, they struck an appealing contrast to the campaigns waged by establishment rivals. The conservative farm and small business vote showed it is still alive by returning incumbents, all with establishment support, in six of the 13 governorships. The LDP and the NFP, an alliance formed in December by mainly LDP breakaways, sank their differences and backed joint candidates for seven governorships, a sign of their disarray.

Six of those seven joint candidates won, the high-profile exception being Osaka. The failed establishment candidate for Tokyo, Mr Nobuo Ishihara, formerly Japan's most senior bureaucrat, had LDP backing alone. The NFP produced a respectable performance in its first nationwide test, by winning the two governorships where it had put up a direct fight against the LDP and a third where it fought the LDP with other parties' support.

One of those NFP victories was of great symbolic value: in Iwate, northern Japan, the home prefecture of Mr Ichiro Ozawa, the party's strategic mastermind. This will be enough, analysts believe, to stop the decline in the NFP's morale. Except a by-election victory in February, NFP confidence has ebbed with its showing in the opinion polls, ever since the party was formed.

In the prefectural assemblies, the swing away from the LDP is strong but not fatal. The LDP and its main coalition partner, the Social Democratic party, both lost roughly 15 per cent of their seats to independents and the NFP. Yet even after this, the LDP is by far the largest single party in local assemblies. The message for the government is uncomfortable, even if the practical damage is limited.

It is bad news for the SDP, whose chairman, Mr Tomiichi Murayama, 71, will remain prime minister only so long as the LDP, the chief coalition partner, needs him there. If the government is hammered in July's Upper House elections, the LDP may be obliged to look among its divided ranks for a new prime minister.

It may also be bad news for members of the LDP old guard such Mr Yasuhiro Nakasone, 76, a former prime minister. They may now face pressure from younger colleagues to hand over their constituencies to younger candidates and stand for election by proportional representation in the next general election.

That will be held under a new system, a mixture of single-seat constituencies and regional seats chosen by proportional representation. Few deputies, are happy to risk their futures to PR. If the old guard is pushed into the joining the PR list, this would mark a significant stage in the dismantling of Japan's old political system. The ex-comedians would have the last laugh.

'Nasty Grandma' takes Tokyo

By Gerard Baker in Tokyo

Yukio Aoshima celebrates his victory with wife Michiyo (right) and daughter Miyuki Reuter

In a former career, Mr Yukio Aoshima played the Nasty Grandma in a top-rated television sitcom. Japanese audiences loved his cruel barbs and practical jokes directed at the hapless members of his tormented family.

On Sunday, the voters of Tokyo gave the former actor the chance to repeat the performance with several of the country's least-admired public characters. As the new governor of Tokyo, he will quickly have to decide whether or not to back a highly unpopular financial rescue devised by the Bank of Japan and the Ministry of Finance. He seems certain to punish them.

In February, the Tokyo metropolitan assembly rejected a proposed contribution of Y30bn (£221m) in soft loans towards the rescue of the Tokyo Kyowa and Anzen credit unions. The city government had been formally responsible for regulating the two institutions which collapsed in December with bad loans of more than Y120bn. It was coaxed by the Bank of Japan and the Finance Ministry into joining the rescue.

But as allegations began to surface about financial misdeeds and political influence-peddling at the two credit unions, the city's legislators voted to reject their role in the rescue, leaving the final decision in the hands of the incoming governor.

The question dominated the city's election campaign, with opinion polls suggesting an overwhelming majority of voters opposed to the allocation of public funds to support the failed companies.

Mr Nobuo Ishihara, favoured candidate of the ruling national coalition, carefully equivocated on the subject, but had been widely expected to back it if elected. Mr Aoshima roundly denounced the scheme and is thought likely to confirm his opposition to it as soon as he takes office.

That will present the Finance Ministry and the Bank of Japan with a significant headache in what has already proved a traumatic and chaotic process. They will be left with three unpalatable choices:

- They could reduce the scale of the rescue and increase the losses faced by depositors. That is unlikely to appeal, since it would undermine the stated reason for the rescue; collapse might cause a run on other fragile institutions by depositors alarmed at the prospect of losing their money;
- They might choose to increase the amount the Bank of Japan has pledged to the scheme. The central bank is to contribute Y20bn to recapitalise the credit unions. But given the scale of popular opposition to such use of public funds, this idea is unlikely to get far;
- More probable is that other larger banks will be pressed into providing the extra capital needed. Other contributors have included regional banks and some of the large national commercial banks. But fearful for their own fragility, most banks will strongly resist pressure to dig deeper to help out.

There is one obvious candidate for extra funds. Affiliate companies of one of Japan's largest banks, Long Term Credit Bank of Japan, were large depositors and shareholders in one of the companies.

The former president of Tokyo Kyowa has alleged the bank was closely involved in the management of his credit union. LTCB has denied the claims but has implicitly accepted some responsibility for the collapse, by contributing Y20bn to the rescue, and by announcing the resignation of its president 10 days ago.

LTCB is almost certain to be asked to provide more. Yesterday, its share price fell by almost 1.5 per cent as investors digested the implications of Sunday's dramatic election. The Nasty Grandma seems set to strike again.

Killings put clock back for Manila

The guerrilla war could escalate, writes **Edward Luce** in Zamboanga

Last week's Moslem terrorist attack on the Christian town of Ipil in the southern Philippines which claimed 50 lives and reduced seven banks to rubble calls into question the Philippines' claim finally to have achieved political stability.

The assault, by 200 heavily-armed members of the extremist Abu Sayyaf (Sword of the Father) group, came four weeks after President Fidel Ramos trumpeted his country's wide-ranging reform programme on a 10-day tour of Europe and the Middle East.

Noting the growing list of foreign companies taking advantage of the Philippines' liberal investment framework and English-speaking workforce, Mr Ramos told European leaders the Philippines had jettisoned its turbulent past.

The Ipil massacre and indications of a build-up of well-equipped separatist forces in the south of the Philippines (the islands of Mindanao, Basilan and Sulu) threaten to dent the president's optimism.

At the site of the Ipil massacre, Mr Ramos claimed international terrorists had trained the 500-strong Abu Sayyaf group which, military experts say, counts Mujahadeen veterans from Afghanistan among its members.

"We cannot let terrorism and political violence stop us realising our potential as a modern nation in economic growth, jobs and livelihood," Mr Ramos said.

Mindanao, the Philippines' second largest island, and home to a quarter of the country's 65m people including 5m Moslems, is one of the linchpins of Manila's growth strategy. Last March, Mr Ramos signed the East Asian Growth Area agreement with Indonesia, Malaysia and Brunei, meant to lead to a borderless growth triangle between Mindanao and provinces in the three partner-countries.

The president reassured the neighbouring governments that the era of separatist fighting in Mindanao, which claimed 50,000 lives in the 1970s, was petering out. Recent estimates, including figures leaked by senior Philippine army officials in Mindanao, point to a different conclusion.

Intelligence sources estimate the Moro Islamic Liberation Front (MILF), an offshoot of the Moro National Liberation Front (MNLF), could have 30,000 trained fighters in the jungle regions of central Mindanao, as opposed to the government count of 6,000. This would put the combined strength of the MILF and the MNLF at over 40,000.

The more moderate MNLF, to resume peace talks with Manila in Jakarta in June and broadly sticking to a two-year ceasefire, is mainly based on the islands of Basilan and Sulu.

The MNLF admits the rival MILF, excluded from the peace talks and engaged in a low-intensity guerrilla war against government forces, is increasing its strength. Both groups condemned Abu Sayyaf's raid on Ipil last week.

"The government puts the MILF at 6,000 but if real fighting resumed, that number would quickly triple," Mr Sharif Zain Jalu, the MNLF's chief negotiator on judicial matters, said in Zamboanga, Mindanao. "If the peace talks break down, the devil will take control of this island."

Investors, including Southern Refining, a Malaysian processing company, and Ekran, a Malaysian hotel resort group, have located in the mainly Christian parts of the island, in the east instead of the more vulnerable Moslem west around Zamboanga.

"You have to separate western Mindanao from the commercial centre in the east," said Ms Lanny Diaz of Prime Securities in Davao City. "Problems with criminality and banditry don't usually spill over to cities like Davao."

The international community is suspending its judgment on whether Mindanao is a safe bet. Crucial peace talks with the MNLF in two months could yield genuine progress on autonomy for minority Islamic communities in the south of the Philippines. If the talks collapse, some see the MILF escalating the war.

Philippine President Fidel Ramos yesterday suspended his government's ambassador to Singapore for allegedly failing to help Ms Flor Contemplacion, a Filipina maid executed in the island state after a murder conviction, and said he would ask Singapore to reopen her case, *AFP reports.*

Manila meanwhile sent an official and three lawyers to defend Ms Sarah Balabagan, 16, a maid charged with murdering her employer in the United Arab Emirates when he tried to rape her.

Palestinian court jails Jihad leader

By Eric Silver in Jerusalem

On the day Israel buried seven soldiers and two civilians killed by suicide bombers in the Gaza Strip on Sunday, a Palestinian military court yesterday passed a 15-year sentence on a leader of the Islamic Jihad group which claimed responsibility for their deaths.

The military court jailed Samir Ali el-Jedi for training children as young as 10 to strike at Israeli targets. It was the court's first verdict since it was established by Mr Yassir Arafat early this year.

A spokesman for his Palestine Liberation Organisation said later that another Islamic Jihad leader, Sheikh Abdallah el-Shami, detained since January, would be put on trial soon.

An aide to the Israeli prime minister, Mr Yitzhak Rabin, dismissed the first sentence as unconvincing. "Mr Arafat established the special court after the last suicide bombing. That was in mid-January. We are now in mid-April, and he has just tried the first Islamic terrorist. Is that serious? It is far from enough," he said.

The official was equally unimpressed by the overnight arrest of 150 suspected Islamic activists. "The Palestinian security forces are not even posting policemen at road blocks, or patrolling in key places in the Gaza Strip," he said.

The new US ambassador to Israel, Mr Martin Indik, said after presenting his credentials yesterday that Washington agreed the PLO leader was not doing enough to restrain the enemies of peace.

Meanwhile, Israel has taken measures of its own to prevent a repetition of Sunday's suicide raids near Kfar Darom and Netzarim. It sealed to Palestinian traffic a six-mile north-south stretch of road linking the two isolated Jewish settlements as well as two east-west roads connecting them to Israel-proper.

Military spokesmen declined to say whether the closure would be permanent. It is the first time Israel has denied Palestinians use of Gaza roads, which are supposed to be under their own rule. The Israeli police minister, Mr Moshe Shahal, also announced yesterday that entry to Israel would be barred to all Palestinians during the week-long feast of Passover, which begins next weekend.

Israel is reluctant, however, to freeze the peace negotiations. Talks on terms for holding Palestinian elections resumed in Cairo yesterday, but the head of the Israeli delegation warned the Palestinians that they had to take tougher steps against violent opponents of the peace process.

Arafat: urged to do more

Tajik fighting escalates

By Steve LeVine in Alma-Ata

Fighting between Islamic rebels and Russian-led troops on the Tajikistan-Afghanistan border, which has left 25 soldiers from a Russian-led unit dead, was described yesterday as the worst since fighting began in late 1992.

Gen Anatoly Chechulin, commander of Russian border troops in the central Asian republic, said: "Never in the last two years have our enemies acted in such a united fashion and with such results." He added that this was "certain evidence" that armed groups had consolidated.

His comments came as Mr Imamali Rakhmanov, Tajik president, asked Russian President Boris Yeltsin for extra military aid.

The border unit is part of a 25,000-man Russian force propping up the pro-Moscow government in Dushanbe. The unit is Russian-led, but includes troops from Tajikistan and other central Asian republics.

The fighting appears to have hit United Nations efforts to reconcile the Tajik government and the opposition. The UN special envoy for Tajikistan, Mr Ramiro Piriz-Ballon, was forced yesterday to abandon plans to meet rebel leaders in Afghanistan after a truck escorting him hit a land mine, according to a Russian military report.

The mine damaged the escort vehicle, the report said, but no one was injured.

The four days of fighting began when rebel forces surrounded an isolated guard post near Dasht-i-Yazgulem, 60 miles north of the provincial city of Khorog in the mountainous Pamir region.

The conflict stems from a 1992 power struggle between regional clans in the Moslem republic of 5m people. The political fighting ended but turned into a civil war in October 1992, when Russian armoured units threw their weight behind a Soviet-style faction that today runs the Dushanbe government. The rebels are led by militant Islamists who fled to Afghanistan.

Central Asian despots stifle wind of change

The republics' leaders are ensuring their long political life, writes Steve LeVine

The wave of democracy which followed the collapse of the Soviet Union was so powerful that it engulfed even central Asia, a vast region of desert and steppe where autocratic khans traditionally held sway, with or without the trappings of communism.

But after three years of paying half-hearted lip service to western political ideas, the khans are now back.

Apparently exhausted with give-and-take politics, the presidents of all five central Asian states have either weakened or disbanded their parliaments, and are now busily making sure they remain in office into the next century.

The trend was set in motion by Mr Saparmurat Niyazov, president of the gas-rich territory of Turkmenistan, when he engineered last year a referendum in which, officially at least, 99 per cent of voters agreed to extend his rule to the year 2002.

Two weeks ago Uzbekistan held a referendum that cancelled elections which had been scheduled for 1997 and extended President Islam Karimov's rule to the year 2000. To the surprise of nobody, the margin by which these measures were approved was a familiar one: 99 per cent.

A similar plebiscite will be held on April 29 in Kazakhstan, the giant republic closely watched by western economists because of the energy bonanza that is expected there next century.

Up to now Kazakhstan's President Nursultan Nazarbayev has tolerated some opposition in his ethnically mixed republic. Observers are keen to see whether his forthcoming plebiscite reflects a switch to the full-blooded autocracy practised by his Turkmen and Uzbek counterparts.

Moves towards authoritarianism are evident even in the mountainous state of Kyrgyzstan, which is often regarded as an outpost of economic and political reform in the region's barren political landscape.

In a gesture that smacks of orchestration, a group of parliamentary deputies has urged President Askar Akayev to prolong his rule by plebiscite in the same manner as his neighbours.

A spokesman for Mr Akayev modestly insisted that this proposal came as a "complete surprise" to the president, who would consider the idea.

Only one central Asian leader has bothered even to go through the motions of a contested election recently: President Imamali Rakhmanov, leader of Tajikistan where Russian troops are helping in the battle to fend off a Moslem insurgency. But diplomats are convinced that the recent election was heavily rigged.

The move to firm government in central Asia has placed western governments and businessmen in a dilemma. Investors say they would welcome the new authoritarian climate if it led to greater certainty in government policy and swifter passage of economic legislation. At worst, however, rule by decree could mean constantly having to adapt to whimsical and contradictory decrees.

Western governments are still committed, in theory at least, to promoting democracy in the ex-Soviet states. In this spirit, the European Union called last week for a "return to normal political life" in Kazakhstan.

Western embassies have expressed concern about the latest signs of a political and media crackdown in both Kazakhstan and Uzbekistan – including the mysterious burning of \$1m (£617,200) worth of newsprint belonging to an opposition newspaper in Kazakhstan.

For some investors, particularly in Kazakhstan, there is hope that Mr Nazarbayev's month-old assumption of untrammelled power will help bring some control over corrupt bureaucrats.

Western investors and diplomats say Kazakhstan's bureaucrats routinely block foreign projects, and hold up payment on already signed contracts in the hope of obtaining higher bribes.

"The bureaucracy is out of control here," said an economic analyst in Alma-Ata.

Some traders in the republic would welcome a reconcentration of power in the president's offices. For example, Mr Nazarbayev has promised to use his new powers to speed the passage of energy and tax legislation, whose delay in parliament has been exasperating businessmen.

Mr Nazarbayev has recently faced an increasingly angry mood among local representatives of western corporations, many of whom say they may consider taking their business to Uzbekistan.

For almost two years investors have been flocking from Tashkent to Alma-Ata because of frustration with the bureaucracy in Uzbekistan, where it can be difficult even to obtain a businessman's visa. It would be ironic if business now shifted back to Uzbekistan, on the grounds that its rulers were more accomplished in the ancient art of despotism.

INTERNATIONAL NEWS DIGEST

Iranian threat to oil venture

Iran yesterday questioned the legality of a large multinational project to develop the Caspian Sea oil fields off the coast of Azerbaijan. The charge comes in the wake of Azerbaijan's refusal to allow Iran to participate in the venture and highlights the complex geopolitical issues which have beset the \$7.4bn (£4.6bn) Caspian Sea deal. State-run Tehran radio, accusing the Azeri government of caving into US pressure in its decision to exclude Iran from the consortium, yesterday warned that "Tehran reserves its right to demand its . . . rights on the basis of the legal status of the Caspian Sea. While the [Caspian Sea's] legal status has not been determined, Caspian coastal states cannot unilaterally exploit its resources because the oil fields are interconnected."

Privately Azeri government officials and members of the consortium involved in the deal had let it be known several weeks ago that Iran would be excluded from the deal, but Iran gave the first official acknowledgement that it had been cut out in a statement from the foreign ministry at the weekend. The US government has been strongly critical of potential Iranian involvement. *Chrystia Freeland, Moscow*

Mugabe's party set for win

Zimbabwe President Robert Mugabe's ruling Zanu-PF party was heading for a convincing victory in the country's parliamentary elections, early results showed yesterday. With 13 of the 65 contested seats declared, the opposition had failed to win a single seat. In Harare central, the leader of the Forum party, former Chief Justice Enoch Dumbetshena, was easily defeated by Mrs Florence Chitauro, deputy labour minister, who polled 9,417 votes to his 3,850. Officials put the higher-than-expected turnout at 1.6m or 61 per cent of the registered voters. With its 13 victories and 55 uncontested seats, Zanu-PF now has 68 of the 120 elected seats in the 150-seat assembly. *Tony Hawkins, Harare*

Israeli privatisation drive

The Israeli government expects to raise \$1.5bn (£933m) from privatisations this year despite delays in the sale of several companies, Mr David Brodett, director general of the Treasury, said yesterday. The government raised nearly \$600m in the first-quarter alone after several successful sales, including a 25 per cent stake in Israel Chemicals. But it recently postponed by a few weeks the global share offering of a further 22 per cent of the company, which is now likely to take place by June.

The sale of 51 per cent of El Al Israel Airlines, which the government had hoped to complete this year, is unlikely to take place before next year. The fate of Bank Leumi, Israel's second biggest bank, meanwhile, is also unclear as the only bidder recently dropped out. Mr Brodett said the government hoped to complete its privatisation programme by 1997 or 1998. *Reuter, Jerusalem*

Police guard S African mine

South African police imposed tight security measures on the Vaal Reefs gold mine in Free State yesterday following clashes between miners which left 13 dead and more than 50 injured. A spokesman for Anglo American, which owns the mine, said two shifts involving more than 5,500 workers had been cancelled. About a quarter of the mine's normal production would be affected, he said. Senior officials from the National Union of Mineworkers held talks at the mine yesterday in an effort to reduce tension between Basotho and Xhosa-speaking miners. *Roger Matthews, Johannesburg*

Agribusiness doubts grow in CIS

Changes to trading and tax laws irk industry leaders, writes James Harding

Even Cargill, the big agribusiness group operating in 65 countries, has been shocked by the unpredictability of government intervention in the former Soviet Union.

Two weeks ago, just as the company's million dollar seed growing programme in the Ukraine got under way with a view to a $10m (£6.2m) investment in a production plant, Cargill's seed import permits, already signed and sealed by the Agriculture Ministry, were revoked. Without warning the permits also had to be passed by the Ukrainian Seedgrowers' Association, the state company and Cargill's chief competitor.

Overnight changes to trading rules and tax laws that play havoc with western investment plans were sharply criticised last week when agribusiness leaders from Europe and the US put their complaints to agriculture ministers from central and eastern Europe at a meeting in Kiev. The industry said that unforeseeable changes to the rules were keeping many potential investors out of agriculture and the food processing sector in the Commonwealth of Independent States.

The significance of their hesitancy goes beyond lost opportunities. Agricultural output has fallen by more than 30 per cent in much of the CIS over the last five years and food crises are looming in both Georgia and Armenia. Against this backdrop, agricultural reform is being held hostage by powerful farm lobbies.

Agricultural opportunities are certainly there, whether to exploit natural resources or market potential. Ukraine, for example, has the world's highest concentration of fertile black earth yielding up to nine tonnes of cereals per hectare, compared with the UK's optimum of about six tonnes. Agribusinesses, whatever their grumbles, are excited about the former Soviet Union's market: "400m people with European eating and drinking habits", as one food producer described it.

"For those willing to put capital at risk, there are truly incredible opportunities," said Mr John Costello, president of the Citizens Network for Foreign Affairs, the US Agency for International Development-funded promoter of American agribusinesses in the CIS, which has helped launch $180m of private sector investment in food systems in the region.

Nevertheless, Mr Costello said that foreign direct investment in Russia in 1994 was $2.7bn, little of which came from agribusiness. The outflow of capital, he estimated, was in excess of $3bn.

The CIS would only attract paltry sums in foreign investment until the tax and accounting systems were reformed, said Mr Jürgen Berner, regional director for Unilever, the food and consumer goods company, who was at the meeting.

Unilever calculates that while the tax system fails to allow deductions to account for hyperinflation, one model company project could find itself being taxed for a 25 per cent profit on turnover, while in the west it would report a 20 per cent loss. As a result, of the $350m that Unilever has invested in central and eastern Europe since the collapse of communism, only $30m has gone to the former Soviet Union.

The tax system, which allows for a 2 per cent annual depreciation on capital goods investments implying a 50-year replacement period and not acknowledging increases in replacement costs, acted as a disincentive to Unilever and made capital outlay for tractors and machinery prohibitive for many, Mr Berner said.

As well as complaints about the tax system, and lingering outrage at Russia's imposition last November of a retroactive tax on salaries, the meeting had harsh words for privatisation. Often peddled by western consultants and touted by agriculture ministers as a sign of opportunity in their countries, privatisation is viewed by many potential investors as more trouble than it is worth.

While some at the meeting criticised the stifling bureaucracy of privatisation, others doubted government ability to enforce laws. Seed manufacturers, such as Saatzucht Hans Lembke, the German family-owned company, were concerned about intellectual property rights.

In many countries in the region there are laws protecting registered seed varieties. But, said Mr Dietmar Brauer, Lembke director, that did not stop local companies copying Lembke hybrids. Others, including Cargill on its soyabean seed imports, had been the victims of copycat production lines.

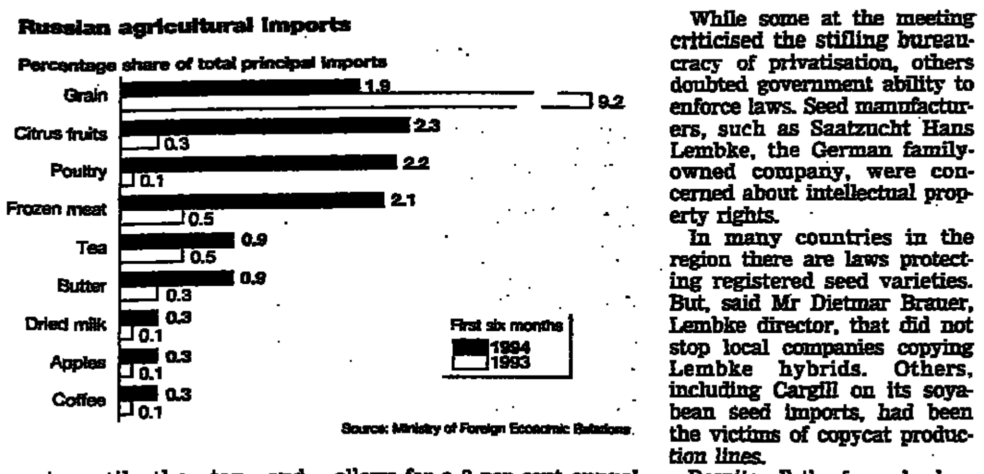
Despite all the fears, leaders stayed to listen as CIS ministers showed their wares – offering, among other things, invitations to bid for a wine-making and bottling plant in Azerbaijan, a sausage factory in Kazakhstan and a flax processing operation in Latvia.

"Everything is workable," concluded Mr Gerrit Hueting, Ukraine country manager for Cargill. Former Soviet countries, near bankruptcy as they try to sustain their disintegrating farm economies and agricultural trade, may take encouragement from such foreign investor amenability.

To win over business leaders, however, they will have to make themselves more amenable.

Russian agricultural imports

Percentage share of total principal imports



Source: Ministry of Foreign Economic Relations

US trade plan offers hope to Caribbean

By Canute James in Kingston

Countries in the Caribbean Basin are optimistic that trade proposals under discussion in Washington will provide their $12bn export market with much-needed relief from an increasingly competitive Mexico.

The proposals offer access to the US market for 24 countries in the Caribbean Basin, similar to that enjoyed by Mexico under the North American Free Trade Agreement. Many governments argue this is the only way they can protect their markets from Mexico's more favourable access.

The Caribbean Basin Trade Security Act, introduced by Mr Phil Crane, a Republican congressman from Illinois and chairman of the ways and means trade sub-committee, offers increased preferential access for Caribbean exports to the US over the next six years.

The act proposes Nafta parity until the Caribbean Basin states join Nafta or another form of trade agreement with the US. It would also allow the continuation of the Caribbean Basin Initiative (CBI), an 11-year-old trade programme allowing selected Caribbean states duty-free access for a range of products.

The CBI excludes several categories – including textiles and apparel, petroleum products, leather goods, canned tuna and watches – products for which the Caribbean Basin countries now want an open market. The proposals have been approved by the trade sub-committee of the ways and means committee but face stiffer challenges as they move through Washington's legislative process.

It is not the first attempt to get Caribbean exports parity with Mexico. Last year the US government withdrew proposed legislation to open US markets to Caribbean apparel, fearing it would damage the chances of passing implementing legislation for the Uruguay Round.

"The Caribbean community and the central American states, all in the Caribbean Basin Initiative group, are throwing their weight behind this one. The fact that it already has bipartisan support in Washington is reason for optimism," said Mr Byron Blake, assistant secretary-general of the Caribbean Community (Caricom) secretariat.

In its present form the Crane bill would give all the CBI states what they wanted to the year 2005, he said.

The bill is being actively supported by the Caribbean Basin garment industry which is suffering from Mexican access to the US market. Mexico's apparel exports to America climbed by 50 per cent in 1994 as a result of Mexico's advantageous position in Nafta, even before the devaluation of the peso.

The US administration's initial reaction to the proposed legislation has been cautious. While the White House supported the goals and ideals of the new legislation, there remained several concerns about aspects of the bill, said Ms Charlene Barshefsky, deputy US trade representative.

WTO sets up first disputes panel

By Frances Williams in Geneva

The first disputes panel to be set up under the new World Trade Organisation was approved yesterday by the WTO's disputes settlement body. The three-person independent panel will rule on a complaint by Venezuela that US standards for "cleaner" petrol, known as reformulated gasoline, unfairly discriminate against imports.

The progress of the panel, which must report within nine months, will be followed with keen interest as it represents the first test of the WTO's streamlined and semi-judicial procedure for settling disputes. Smooth functioning of the disputes mechanism is seen as crucial in establishing the WTO's authority and credibility in setting and administering fair trade rules.

The Venezuelan complaint arises from US anti-pollution regulations which came into force in January. Venezuela says these set stiffer standards for Venezuelan petrol imports than for US-produced petrol, thereby breaching WTO non-discrimination rules and harming Venezuelan petrol deliveries to the US.

Mr Juan Misle, Venezuela's representative, said his country was not seeking to avoid legitimate environmental protection regulations but only wanted equal treatment.

Also yesterday, Singapore said it would not press for a disputes panel against Malaysia pending the outcome of consultations on changes Malaysia had made to its licensing scheme for petrochemical imports.

● The US has formally requested consultations with South Korea over quarantine regulations, the first step in the WTO's disputes procedure which could eventually result in the creation of a disputes panel. The US complaint follows the impounding of a shipment of US grapefruit prior to inspection for harmful chemical residues, which has left much of the fruit rotting.

TRADE NEWS DIGEST

UK arms drive targets Pretoria

Mr Malcolm Rifkind, British defence secretary, has launched a renewed arms sales drive in South Africa. Britain has recently lost several big international defence equipment contracts because of increasing competition, notably from France. British industry considers the South African market crucial to establishing a firm foothold for sales across Africa.

Mr Rifkind, on a regional tour, will press the case of Clydeside shipbuilders Yarrow, which faces a two-way fight with Bazan of Spain over a four-ship fleet of corvettes. Yeovil-based Westland is fighting hard to supply Lynx helicopters for the corvettes, while British Aerospace is hoping to sell Hawk trainer jet to replace the South Africans' 114 Impala aircraft. *Foreign Staff, London*

■ Fortune Oil, a London-listed company with oil related operations and investments in China, has announced a $250m joint venture to supply aviation fuel to 14 airports in central and southern China. Hong Kong-based Fortune Oil will partner state-owned China Aviation Oil Supply Corporation (CAOSC) and Vitol Holdings in the joint venture company, called South China Bluesky Aviation Oil.

The venture covers supply, storage and handling of aviation fuels for 30 years in a region that already accounts for about a third of China's total air passenger traffic. It includes Guangzhou's Baiyun international airport which is the second busiest in China. *Foreign Staff, London*

■ Philips Electronics of the Netherlands said its Philips Interactive Media subsidiary signed a distribution deal for the global release of classic Hollywood movies on video CD. The deal is with Cedeo, a joint venture of Frank Leeman and Partners, TV Matters and the Valkieser Group. The first 20 movie titles are due to be released this summer. *Reuter, Eindhoven*

■ BAT Industries said its joint venture with Vinataba-Saigon had stopped producing its State Express 555 brand in Vietnam until the government eliminated smuggling in competing makes of cigarettes. Company officials said earlier the venture had petitioned the light industry ministry to halt the smuggling and was still waiting for a response. The company had more than 1m packets of its 555 brand in stock and now faced losses because of the suspension, the officials said. *AFX, Hanoi*

■ Sony has won a Y2.3bn ($27.3m) order from unlisted Fuji Television to supply an audio/visual system for news production. The system will have magneto-optical disc and hard disc technology, and is expected to be operating from late 1996. *Tokyo, AFX*

OECD Export Credit Rates

The Organisation for Economic Co-operation and Development announced new minimum interest rates (%) for officially supported export credits for April 15 1995 to May 14 1995 (March 15 1995 to April 14 1995 in brackets).

D-Mark	7.49 (7.91)	Yen	4.30 (4.70)
Ecu	8.80 (8.76)	Peseta	13.08 (12.37)
French franc	8.83 (8.77)	Sterling	9.55 (9.53)
Guilder		Swiss franc	6.16 (6.34)
up to 5 years	7.45 (8.00)	US dollar for credits	
5-to 8.5 years	7.95 (8.30)	up to 5 years	7.89 (8.25)
more than 8.5 years	8.55 (8.75)	5 to 8.5 years	8.05 (8.37)
Italian lira	12.31 (11.31)	more than 8.5 years	8.14 (8.44)

These rates are published monthly by the Financial Times, normally in the middle of the month. A premium of 0.2 per cent is to be added to the credit rates when fixing at bid. Interest rates may not be fixed for more than 120 days. SDR-based rates of interest are the same for all currencies. For the period from January 15 to July 14 1995, the SDR-based rate will be 7.35 per cent. It will be abolished, transition period included, on August 31 1995.

مكررا من الاصل

Peru's President Fujimori sweeps back to office

No party, no policies, no programme, but 65% of vote for immigrants' son

By Sally Bowen in Lima

Peruvian President Alberto Fujimori, the son of Japanese immigrants who earned the nickname "tsunami" or tidal wave when he swept to victory in 1990, has done it again. Preliminary results from Peru's national electoral board yesterday indicated he had obtained as much as 65 per cent of the popular vote in Sunday's general election.

In a post-ballot news conference, Mr Fujimori admitted he was surprised by his wide margin of victory over second-placed Mr Javier Pérez de Cuéllar. The former UN secretary general won around 22 per cent support, according to the electoral board. No other presidential candidate obtained even 5 per cent.

"The people of Peru have chosen the path of order, discipline and progress," said Mr Fujimori in his victory address. "They are tired of [policy] swings every five years."

Admitting defeat, Mr Pérez de Cuéllar interpreted the popular verdict as "a vote approving the defeat of terrorism and hyperinflation," although he warned that Peruvians were left with no assurance of "a democratic future with social development".

The election results underline the crisis which has afflicted Peru's political parties for the past six years. Against all predictions, Mr Fujimori's loose alliance of "technocrats and independents" appears to have won an overall majority in the new 120-seat congress. The four older-established parties, which dominated Peruvian political life in the 1980s, together scraped less than 10 per cent of the vote.

Mr Fujimori, meanwhile, has no intention of converting his ruling coalition into a more formal organisation. Unrepentantly authoritarian, he congratulated himself on having eliminated "party-ocracy," promising instead "a real democracy that depends on social justice...that seeks efficiency. And that's an efficiency without political parties."

Mr Fujimori has given little hint of the policy changes to be expected from his second administration. "We hope to consolidate the advances achieved," he said on Sunday night.

He committed himself to "total control of inflation," already projected to fall to below 10 per cent this year. Peru's aggressive privatisation programme would continue, he said, although, in the controversial case of Petroperu, the state oil and gas company, "we'll listen to different proposals and...decide on the basis of a technical, not political debate."

High on the Fujimori agenda are talks with international banking creditors in New York, where Peru will seek "the most favourable of conditions" on its $6bn-plus debt. Also scheduled for next year is renegotiation of Peru's obligations with the Paris Club of creditor governments.

Mr Fujimori denied that Sunday's resounding victory made him feel "more powerful". But it committed him to ensuring that Peru "becomes a leader in Latin America in a very short time," he said.

Both the mission of international observers from the Organisation of American States and the 9,000-plus national observers of the Transparencia citizens' organisation declared themselves broadly satisfied that elections were fair.

For the first time in 15 years, polling was not marred by violence from guerrilla groups. According to Transparencia, around 80 per cent of voters turned out (failure to vote in Peru is punishable by fine). As yet, there are no figures on how many ballots were spoiled or null and void.

Investigation of a large-scale electoral fraud attempt uncovered only hours before Sunday's polling in the Andean town of Húanuco, has been deemed by the attorney general a criminal rather than a political issue.

President Fujimori with his daughter Keiko yesterday. The authoritarian leader promised 'efficiency without political parties' AP

Quebec separatist divisions widen

By Robert Gibbens in Montreal and Bernard Simon in Toronto

Quebec's separatist movement has become increasingly divided on whether to compromise on its demand for independence.

Mr Jacques Parizeau, the premier of the francophone province, has isolated himself in recent days by insisting that an independence referendum will be held this autumn, despite doubts expressed by Mr Lucien Bouchard, leader of the Bloc Québécois, which represents the separatist cause in the federal parliament in Ottawa.

Mr Bouchard, who enjoys wider grassroots popularity than Mr Parizeau, has warned that the separatist side cannot risk defeat in a referendum without undermining Quebec's negotiating position with Ottawa.

The moderates, who also include Mr Bernard Landry, the deputy premier, are ready to compromise by indefinitely delaying the referendum, and by accepting a more flexible type of sovereignty to make the concept more acceptable to Quebeckers.

Despite Mr Parizeau's efforts to bolster support for independence since his Parti Québécois took office in the province last September, opinion polls consistently show that a solid majority of Quebeckers are unwilling to take the economic risks of a split from Canada.

Mr Parizeau has sought to reassure them that independence would be relatively painless, with Quebec continuing to use the Canadian dollar and quickly acceding to the North American free trade agreement. But the federalist side as well as many economists have warned that a break-up would probably be costly for the Quebec economy.

The disarray in the separatists' ranks spurred a sharp rise in the Canadian dollar yesterday. The currency jumped by more than one-third of a US cent in early trading to 72.28 US cents.

During a Bloc Québécois congress in Montreal last weekend, Mr Bouchard outlined a European-style economic union between a sovereign Quebec and Canada overseen by a "Parliamentary Conference" which would co-ordinate monetary and economic policies but not have taxing powers.

But Mr Parizeau quickly retorted in Quebec City: "There's just one premier of Quebec and there will be a referendum on sovereignty in 1995." He said the PQ has already explored a European-type union with Canada, but "we've got to be as independent as France or Britain first to negotiate it with Ottawa."

São Paulo car workers win big wages increase

By Patrick McCurry in São Paulo

Car workers in São Paulo have won one of the highest pay rises since Brazil's Real currency was launched last July as part of the government's anti-inflation plan.

The powerful metalworkers union in the São Paulo industrial region accepted on Sunday an 18 per cent increase, of which about 10 per cent covers inflation since November. The union also accepted a reduction in the working week to 42 hours from 44 by October 1996.

Last November the union won a 15.8 per cent increase to compensate for inflation since the Real was launched. The currency has helped bring monthly inflation down to about 1.5 per cent from 50 per cent last June.

The metalworkers' bargaining position was strengthened by rapid growth in Brazil's car industry and by last month's increase in car import duties to 70 per cent from 32 per cent, which is likely to further increase demand for Brazilian-made cars. Vehicle production last month was a record 151,000 vehicles, up 16 per cent on February.

The metalworkers' agreement covers 110,000 workers, of which 60 per cent work for carmakers, mainly Ford and Volkswagen.

The agreement, combined with car parts shortages and the tariff increase, could put pressure on car prices, although companies have said they will not raise prices in the short term.

Most economists do not believe the Real plan will be significantly affected by the carworkers' deal in the near future, pointing out that carmakers can absorb part of the wage rise with productivity improvements and higher production.

However, some analysts believe there is a danger that the deal could be used as a benchmark in other sectors.

About 33,000 car parts workers, who have still not reached an agreement, are threatening to strike tomorrow and about 20,000 workers at two General Motors plants which are not covered by the agreement are continuing their strike begun on April 4.

Zapatista guerrillas agree to halt conflict

By Leslie Crawford in San Miguel de Ocosingo

Mexico's Zapatista guerrillas yesterday agreed to halt the conflict which has convulsed the southern state of Chiapas for more than a year and to begin full peace talks in 10 days' time.

Ministry of Interior officials and a delegation of seven guerrilla commanders wearing their trademark balaclavas, met in a remote hamlet on the edge of the Lacandón jungle to hammer out an agenda for talks.

A declaration signed at the end of the meeting kept the terms of peace talks deliberately vague: both parties are to act in good faith and with mutual respect; they agreed reciprocal measures to prevent resumption of hostilities, and reaffirmed their political will to restore peace, democracy and the rights of indigenous peoples in Chiapas.

The talks are to resume in the village of San Andrés Larraínzar, near the state capital, Tuxtla Gutiérrez.

The guerrillas appear to have dropped a demand that the Mexican army retreat from the towns and villages captured during an offensive ordered by President Ernesto Zedillo in February. The government, for its part, is no longer insisting that the Zapatista insurgents lay down arms before peace talks can begin.

Neither side mentioned the fate of 15 alleged Zapatistas captured by the government and charged with sedition, terrorism and the possession of illegal weapons. Human rights groups have expressed concern that confessions were extracted from the detainees under torture.

Mr Sebastian Brett, of the Washington-based group Human Rights Watch, said: "The evidence against two of the alleged Zapatistas – a journalist and a social worker – appears to be fabricated. In the cases of another five detainees, allegations of torture have been confirmed by the government's own human rights commission."

Land conflicts between cattle ranchers and landless peasants have intensified since the Zapatistas launched their insurgency in January 1994. More than 2,000 *latifundios* – large estates – are under peasant occupation. Violent clashes between land squatters and the hired guns of estate owners have become weekly events, rendering the state of Chiapas virtually ungovernable.

The talks took place in a hastily-constructed wooden shed in the hamlet of San Miguel de Ocosingo. The guerrilla commanders, who have been hiding in the Lacandón jungle since the army's February offensive, were picked up at secret locations by the International Red Cross.

The Zapatistas' leader, Subcomandante Marcos, did not attend. He has not been seen in public since President Zedillo ordered his arrest in February, accusing him of planning to spread the conflict beyond Chiapas' borders.

From his jungle hideout, Marcos continues to taunt the government with irreverent, and often irrelevant, communiqués. But it has become clear he now leads a spent military force. The Zapatistas no longer speak of overthrowing the Mexican government by force, but claim to be fighting for the rights of Chiapas' downtrodden Maya people.

Another Democrat defects to Republicans

By Nancy Dunne in Washington

A third Democratic congressman yesterday announced that he is to switch parties, bringing the Republican majority in the House of Representatives to 231-203, with one independent.

Congressman Nathan Deal of Georgia, a conservative Democrat in his second term, said he was crossing the aisle to "get away from the schizophrenia I've had to deal with" in voting often with the opposing party. His district adjoins that of Congressman Newt Gingrich, the House speaker.

The concern now for Democrats is how many conservative members of the party will join the exodus. So far two senators, Richard Shelby of Alabama and Ben Nighthorse Campbell of Colorado have switched parties since the Democrats lost control of the Congress in November.

With four Democrats due to retire from the Senate next year the party has almost lost hope of recapturing the Senate in 1996, but regaining a majority in the House has been seen as a possibility.

Mr Deal has been one of a coalition of 23 conservative Democrats who sought to move the Democratic party to the right. He decided to switch, he said, when Democrats refused to support amendments to curb regulations to clean water legislation.

"During the last 100 days I have observed my party at the national level simply not willing to admit that they are out of touch with mainstream America," he said.

Conservative Democrats – predominantly from the south – have voted with Republicans for decades. During President Ronald Reagan's first term, the "boll weevils" often voted with Republicans to give the president a working majority in the House.

However, conservative Democrats stayed with their party because they wielded more power being with the majority. Switching parties while the Republicans were in the minority would have forced defectors to give up seniority and committee chairmanships.

This year conservative Democrats in the House have supported most of the bills on the Republican 100-day agenda, including a balanced budget amendment to the constitution, a presidential line-item veto and the presidential power to veto individual items in appropriation bills.

INTERNATIONAL ECONOMIC INDICATORS: MONEY AND FINANCE

This table shows growth rates for the most widely followed measures of narrow and broad money, a representative short- and long-term interest rate series and an average equity market yield. All figures are percentages.

■ UNITED STATES

	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1986	13.5	8.3	6.49	7.67	3.43
1987	11.6	6.5	6.82	8.39	3.12
1988	4.3	5.2	7.65	8.84	3.61
1989	1.0	3.9	8.99	8.49	3.43
1990	3.7	5.3	8.06	8.54	3.60
1991	5.9	3.3	5.87	7.86	3.21
1992	12.4	2.4	3.75	7.00	2.95
1993	11.6	1.4	3.22	5.88	2.78
1994	6.2	1.9	4.66	7.07	2.86
2nd qtr.1994	7.6	2.3	4.40	7.07	2.90
3rd qtr.1994	5.1	1.8	4.87	7.31	2.87
4th qtr.1994	2.3	1.0	5.85	7.83	2.91
1st qtr.1995			6.18	7.48	2.86
April 1994	9.1	2.8	4.05	6.94	2.91
May	7.1	2.2	4.54	7.17	2.91
June	6.6	1.8	4.57	7.09	2.89
July	6.2	2.0	4.75	7.26	2.91
August	5.1	1.8	4.84	7.22	2.84
September	4.2	1.5	5.01	7.44	2.85
October	3.1	1.2	5.49	7.72	2.87
November	2.2	0.9	5.81	7.94	2.91
December	1.7	0.9	6.26	7.81	2.96
January 1995	1.4	1.0	6.23	7.78	2.92
February	0.9	1.0	6.16	7.46	2.85
March			6.15	7.20	2.81

■ JAPAN

	Narrow Money (M1)	Broad Money (M2+CDs)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1986	6.9	8.2	5.12	5.35	0.84
1987	10.5	11.5	4.15	4.64	0.55
1988	8.4	10.4	4.43	4.77	0.54
1989	4.1	10.6	5.31	5.22	0.48
1990	2.6	8.5	7.62	6.91	0.65
1991	5.2	2.0	7.21	6.37	0.75
1992	4.5	–0.4	4.28	5.25	1.00
1993	3.0	1.4	2.83	4.18	0.87
1994	5.4	2.9	2.12	4.20	0.78
2nd qtr.1994	5.2	1.5	2.07	4.05	0.76
3rd qtr.1994	6.2	2.3	2.13	4.46	0.74
4th qtr.1994	5.5	2.9	2.23	4.59	0.78
1st qtr.1995			2.15	4.38	0.86
April 1994	5.9	2.2	2.13	4.03	0.80
May	5.0	1.7	2.08	3.90	0.78
June	4.7	1.5	2.01	4.24	0.72
July	5.7	2.0	2.02	4.32	0.73
August	6.0	1.9	2.16	4.56	0.74
September	6.9	2.3	2.21	4.50	0.77
October	6.0	2.4	2.20	4.63	0.76
November	5.5	2.7	2.24	4.63	0.79
December	4.9	2.9	2.24	4.53	0.79
January 1995	6.5	3.2	2.23	4.60	0.80
February	5.1	3.6	2.20	4.52	0.85
March			2.04	4.05	0.92

■ GERMANY

	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1986	10.0	8.7	4.64	5.90	1.79
1987	9.0	7.3	4.03	6.14	2.21
1988	9.7	6.4	4.34	6.46	2.61
1989	6.3	5.7	7.11	6.94	2.22
1990	4.5	4.5	8.49	8.71	2.11
1991	5.1	5.6	9.25	8.44	2.36
1992	7.0	8.2	9.52	7.77	2.45
1993	9.4	7.9	7.28	6.44	2.11
1994	9.6		5.36	6.83	1.76
2nd qtr.1994	11.4	10.5	5.28	6.71	1.72
3rd qtr.1994	9.6	8.4	5.01	7.18	1.76
4th qtr.1994	6.7		5.28	7.49	1.83
1st qtr.1995			5.11	7.41	1.89
April 1994	11.6	10.8	5.81	6.43	1.68
May	11.1	10.7	5.20	6.63	1.67
June	11.4	10.0	5.07	7.05	1.80
July	9.8	9.0	4.97	6.90	1.79
August	9.9	8.1	5.00	7.10	1.74
September	9.0	8.3	5.07	7.53	1.76
October	8.6	7.3	5.22	7.54	1.84
November	6.3	6.2	5.21	7.48	1.82
December	5.1		5.40	7.45	1.83
January 1995	3.9		5.16	7.58	1.85
February	4.3		5.10	7.40	1.83
March			5.07	7.25	2.00

■ FRANCE

	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1986	6.9	2.7	7.79	8.74	2.85
1987	4.1	11.6	8.26	9.46	2.75
1988	3.9	8.3	7.94	9.08	3.69
1989	7.5	10.0	9.39	8.79	2.88
1990	3.8	9.4	10.32	9.92	3.19
1991	–4.9	2.3	9.62	9.03	3.58
1992	–0.2	5.2	10.36	8.57	3.55
1993	2.0	–2.8	8.55	6.75	3.21
1994	2.5	1.9	5.85	7.20	2.99
2nd qtr.1994	1.8	–4.4	5.73	7.03	2.97
3rd qtr.1994	2.7	–1.0	5.62	7.69	3.05
4th qtr.1994	2.5	1.9	5.74	8.10	3.10
1st qtr.1995			6.65	8.07	3.22
April 1994	5.7	–4.2	6.01	6.65	2.89
May	1.2	–4.9	5.85	6.94	2.88
June	1.8	–4.4	5.57	7.48	3.14
July	4.6	–2.0	5.65	7.38	3.09
August	2.8	–1.4	5.59	7.61	2.96
September	2.7	–1.0	5.63	8.08	3.10
October	3.0	0.3	5.65	8.17	3.18
November	3.0	0.9	5.61	8.13	3.08
December	2.5	1.9	5.97	8.01	3.06
January 1995	–0.6	2.5	5.93	8.20	3.20
February			5.83	7.99	3.21
March			6.07	8.01	3.26

■ ITALY

	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1986	10.5	8.2	13.25	11.47	1.41
1987	10.4	9.8	11.32	10.58	1.94
1988	7.8	6.9	11.24	10.54	2.71
1989	7.1	8.2	12.41	11.61	2.46
1990	9.3	9.1	11.98	11.87	2.84
1991	7.3	8.0	11.83	13.20	3.45
1992	6.7	7.5	13.86	13.29	3.63
1993	4.6	7.1	10.22	11.23	2.35
1994	6.6	5.7	8.48	10.55	1.67
2nd qtr.1994	8.9	7.3	7.98	9.64	1.54
3rd qtr.1994	6.2	5.0	8.68	11.42	1.58
4th qtr.1994	3.7	3.0	8.82	12.11	1.75
1st qtr.1995			9.70	12.78	1.70
April 1994	10.2	8.4	8.11	9.07	1.58
May	9.2	7.2	7.80	9.38	1.49
June	7.4	8.3	8.03	10.46	1.57
July	7.9	6.4	8.43	10.70	1.54
August	5.8	4.9	8.93	11.49	1.58
September	4.8	3.8	8.66	12.03	1.61
October	4.2	3.3	8.76	12.08	1.71
November	3.4	2.9	8.68	12.04	1.74
December	3.5	2.7	9.03	12.22	1.79
January 1995	0.9		9.06	12.39	1.68
February			8.98	12.41	1.64
March			10.98	13.48	1.79

■ UNITED KINGDOM

	Narrow Money (M0)	Broad Money (M4)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1986	4.0	15.4	11.02	9.97	4.35
1987	4.7	15.2	9.77	9.52	3.60
1988	6.8	17.3	10.41	9.69	4.48
1989	5.8	17.6	13.96	10.30	4.36
1990	5.3	16.1	14.62	11.53	5.07
1991	2.4	7.9	11.58	10.04	4.97
1992	2.4	5.1	9.73	9.09	4.91
1993	4.8	3.6	5.99	7.40	4.01
1994	6.4	5.0	5.57	8.00	3.94
2nd qtr.1994	6.6	5.4	5.23	8.12	4.00
3rd qtr.1994	6.6	4.9	5.55	8.57	4.03
4th qtr.1994	7.0	4.4	6.19	8.60	4.16
1st qtr.1995	6.5		6.72	8.60	4.28
April 1994	6.0	5.5	5.29	7.66	3.87
May	6.9	5.3	5.22	8.13	3.86
June	8.8	5.5	5.18	8.54	4.16
July	6.5	4.9	5.29	8.38	4.11
August	6.3	4.8	5.58	8.52	3.94
September	7.1	5.0	5.76	8.80	4.04
October	7.3	4.1	5.98	8.71	4.14
November	7.1	4.5	6.13	8.58	4.12
December	6.7	4.5	6.46	8.53	4.23
January 1995	6.5	4.4	6.64	8.88	4.22
February	6.1	4.6	6.80	8.80	4.24
March	7.0		6.74	8.54	4.35

Monetary growth rates: show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. All growth rates refer to the seasonally adjusted series except for Japan and Italy. German monetary statistics now form a continuous pan-German series. Monetary data supplied by Datastream and WEFA from central bank sources. Interest rates: short-term, period averages of US – 90-day commercial paper, Japan – 3-month certificates of deposit, Germany – 3-month Fibor, France – 3-month Pibor, Italy – 3-month Euro-lira, UK – 3-month Libor; long-term, period average yields on 10-year benchmark government bonds. Interest rates supplied by Datastream. Equity market yield: period averages of the gross dividend yield on the relevant FT-A world index.

Minister denounces newspaper's 'wicked lies'

By John Kampfner, Westminster Correspondent

Mr Jonathan Aitken, treasury chief secretary, last night emphatically denied allegations in The Guardian about his business activities and said he was issuing a writ against the newspaper.

Addressing journalists at Conservative Central Office in London, Mr Aitken described the allegations as "wicked lies".

Mr Aitken, whose links with Saudi Arabian and middle eastern businessmen have been the focus of media attention for the past six months, has received full backing from Mr John Major and the Conservative party.

His statement was highly unusual for its pugnacity. By threatening to take on the media in the courts, at a time when the government's standing in the polls has never been lower, he and his party have adopted a high-risk strategy.

Mr Aitken said The Guardian report was "one of deliberate misrepresentations, falsehoods, and lies, and is clearly part of the paper's long campaign of sustained attempts to discredit me".

The main allegation that he tried to arrange girls for Prince Mohammad bin Fahd, son of King Fahd of Saudi Arabia, and his entourage during a stay at a health club in Berkshire was, he said, "an outrageous falsehood".

He said Prince Mohammad had made one short visit 13 years ago for lunch to the club, of which Mr Aitken was a director. But no girls were present.

The former matron who had made the allegation was dismissed for dishonesty after a police investigation, he said.

Mr Aitken threatened to take similar action against Granada Television if it repeated any of the allegations in its World in Action programme due to be shown last night. The company said that it was going ahead with the screening.

Mr Aitken concluded: "If it falls to me to start a fight to cut out the cancer of bent and twisted journalism in our country with the simple sword of truth and the trusty shield of British fair play, so be it – I am ready for the fight."

For Mr Major, the controversy represents another setback in portraying a positive image of his government, regaining the initiative from Labour ahead of next month's local-government elections in England and Wales.

The scale of the debacle for the Conservatives in the Scottish elections last week has led to predictions that they may lose half their council seats in England and Wales.

Mr Brian Wilson, shadow trade and industry spokesman, said he would table "a string of questions" on Mr Aitken's business dealings once parliament returned from its recess next week, while the Liberal Democrats called for Mr Aitken to be suspended from the cabinet pending an independent investigation.

Price increases fuel fears on interest rates

By Gillian Tett, Economics Staff

Expectations of a further rise in UK interest rates next month were fuelled yesterday by figures which showed that the price of basic manufactured goods had risen at its fastest rate for more than three years.

The rise suggests that manufacturers are now having more success in passing on to their customers the sharp increase in commodities and other raw materials prices they have seen recently.

Construction industries saw particularly strong price pressures, with sharp increases reported by glass and cement companies.

Overall, the price of goods produced by manufacturers was 3.8 per cent higher in March than in the same month last year, and a seasonally adjusted 0.4 per cent higher than in February, the Central Statistical Office said.

Measured without the volatile food, drink, tobacco and petroleum sectors, output prices grew by 3.9 per cent – the largest annual rise since late 1991.

Calculated on a three monthly basis – a better indicator of the price trend – factory gate prices were rising at a rate equivalent to an annual 5 per cent increase in the three months to March.

Consequently, many economists believe that Mr Kenneth Clarke, the chancellor, and Mr Eddie George, governor of the Bank of England, will be forced to raise interest rates from 6.75 per cent at their next monetary meeting on May 5, to dampen inflationary pressures which may have been exacerbated by sterling's recent weakness.

Mr Adam Cole, UK economist at James Capel, the stockbroker, said: "With price pressures in manufacturing as strong as they are the last thing the economy needs now is the additional stimulus from a sharp fall in the exchange rate..the Bank of England is likely to push for a further rise in base rates in May."

But in spite of the signs that higher prices are being passed from manufacturers to customers, economists pointed out that the extent to which retailers would be able to pass on increases to consumers was unclear.

One mitigating factor against high street price rises emerges today in the Confederation of British Industry's survey of retailers, which shows that most retailers reported poor levels of business in March.

While the survey has sometimes painted a gloomier picture of retail sales than the official figures in recent months, this may reflect the fact that margins are being squeezed as well as the low levels of sales.

Tunnel freight a double-edged sword

By Simon London

The quantity of freight moving through the Channel tunnel was one of the brighter spots in yesterday's generally gloomy financial statement from Eurotunnel.

But while up to 30 long-haul freight trains and 700 lorries are passing under the channel every day, companies have shown little sign of restructuring their distribution to bring them closer to the tunnel.

The many business parks which have sprouted in Kent in recent years are fighting hard to attract tenants, with only patchy results.

Lorries using the tunnel can get from Ashford in Kent, just north of the tunnel terminal, to Dusseldorf and back in a day.

Kent's transport connections with the rest of the UK have also improved dramatically. Upgrading the M20 motorway has put 10m people within a 90-minute drive of Ashford.

Eurotunnel's main development site is the 100-acre Orbital Park outside Ashford. In spite of significant investment, including a direct link to the the M20, the park has only attracted one tenant. BP Travel uses the site as a distribution centre for travel brochures imported from Holland. The pattern has been repeated elsewhere in Kent. Developers report plenty of inquiries but few firm deals.

The task of attracting companies to locations around the tunnel terminal should be made easier by the fact that east Kent has been granted Assisted Area Status, which brings government grants for manufacturing facilities.

Developers are also trying to attract government contributions towards the cost of installing basic infrastructure, such as roads and power, on greenfield business park sites.

But Kent boasts such a proliferation of business parks that Kent's competition for tenants is intense. Eurotunnel alone has 650 acres of development land along the M20 corridor, competing with sites around Dover and Folkestone.

Blue Circle, the cement company, is building 3m sq ft of office, warehouse and manufacturing space at its Crossways Business Park near Dartford and plans another at nearby Ebbsfleet, the site for a passenger terminal on the Channel tunnel rail link.

Delivering the goods: Channel tunnel traffic is promising, but carriers are shunning moves to Kent

While it is too early to judge the impact of the Channel tunnel, the early indications are that not enough companies will relocate to Kent to support all these schemes. The county's improved transport infrastructure has also made it easier for companies to move goods to the tunnel from existing sites in other regions.

Pessimism hits long-term export outlook

The long-term outlook for exports fell for the first time in two years in the first quarter of this year, according to a Gallup survey for DHL International, the delivery service.

Nick Butcher, managing director of DHL International, the express delivery service, which commissions the quarterly survey from Gallup, said the decline could show that concerns about the weakness of domestic demand were tainting perceptions about the export market.

A net balance of 59 percentage points of manufacturers expressed confidence rather than pessimism about their prospects over the next 12 months, down from 64 points in the fourth quarter of last year. However companies remained optimistic about short-term prospects with a balance of 44 points expressing confidence about the next three months, up from 42 points.

The main factors expected to influence export sales over the next 12 months were the rising cost of raw materials, exchange rate volatility and diminishing manufacturing capacity – each cited by 22 per cent of companies.

Volatility in foreign exchange markets has moved up the list of concerns while worries about capacity constraints and rising raw material costs eased slightly.

Mr Ian Campbell, director-general of the Institute of Export, said: "Exchange stability is more critical if companies are to plan for long-term market developments overseas."

Ford set to build new diesel engine

By Michael Cassell, Business Correspondent

Ford executives meeting in Detroit yesterday are understood to have approved plans to build a new, high-performance diesel engine at the company's Dagenham plant in Essex.

A spokesman for Ford at Dagenham described reports that the 2.5 litre engine – codenamed Puma – will be built in the UK as "sheer speculation" but a formal announcement confirming the project is expected next week. The investment involved is thought to be approaching £200m ($320m).

The decision means Dagenham has beaten off an alternative proposal under consideration by Ford, under which the engine would have been built at a new factory in Poland.

The Essex plant, already the company's leading European centre for diesel engines, will supply the engine to Ford factories worldwide.

The engine is expected to be fitted to the relaunched Scorpio saloon, built in Germany, and may be introduced later to other models.

Versions of the unit will also be fitted to Transit vans manufactured in the UK, Belgium and Poland.

Ford is already investing £90m at Dagenham to raise output of the 1.8 litre turbo diesel engine used in the Escort, Mondeo and Fiesta.

Together with the recently announced decision to manufacture a version of the Fiesta for sale by Mazda, its Japanese affiliate, in European markets, production of the new engine will further safeguard jobs at Dagenham. Recent improvements in productivity there have impressed Ford executives.

The formal announcement that Dagenham has been chosen to build the Puma is being timed to coincide with a visit to the plant on April 19 by Mr Tim Eggar, industry minister, to mark completion of the plant's 28 millionth engine.

مكرر من الاصل

هكذا من الاصل

Fresh inflation threat to food sector

By Gillian Tett and James Harding

After last year's round of UK supermarket price wars, official figures yesterday suggested that new inflationary pressures are emerging in the food sector, especially for bread and pork.

In recent weeks the cost of many agricultural goods has been rising rapidly, with pork prices jumping 31 per cent in the last 12 weeks alone.

With this rise adding further pressure on margins among food retailers and manufacturers, there are already hints that some shops are seeking to pass on some of the price squeeze – particularly in crucial sectors like bread.

Measured overall, the UK Central Statistical Office said yesterday the cost of products purchased by food manufacturers rose 1.2 per cent between February and March.

This has followed several months of price growth, with food inputs now 9.3 per cent higher than a year before – almost three times the current level of inflation.

This annual rise was lower than some other commodity exposed sectors, such as rubber and plastics, which have seen annual price growth of about 23 per cent.

However, with food inputs seeing the fastest monthly price rise in March, these accounted for a large part of the overall rise in input prices.

Overall input prices rose a seasonally adjusted 0.4 per cent during the month, while UK-produced food price rises added about 0.4 percentage points to the unadjusted input price index alone.

The CSO itself yesterday said that soaring livestock prices had been the main factor behind the rise, with pork prices showing particularly strong growth.

The reason for the striking and long-awaited rise has been the contraction of the European herd. That has driven up prices across the European Union and offered UK producers export opportunities, especially to Germany, further squeezing domestic supply after a recession in the industry shut down a number of UK producers.

The cyclical nature of the pig industry also suggests prices will rise for some time.

Although pigmeat has seen an exceptional recovery in the first quarter of this year, agricultural produce in general has been buoyed by export opportunities in Europe because of the depreciation in sterling.

But the main factor that will now be absorbing economists is how far these price rises can be passed down the chain.

Yesterday's figures suggested that food manufacturers have already passed on a small part of the rise.

Food manufacturers output prices rose 0.7 per cent between February and March, although prices remain 2 per cent higher than a year ago.

First DNA database holds genetic samples

By Clive Cookson, Science Editor

The National DNA Database – the world's first – went live yesterday. It will store genetic information about anyone in the UK who is convicted of a serious crime.

Mr Michael Howard, the UK home secretary, hailed the database as "the most significant scientific advance in the fight against crime since the introduction of fingerprints".

Under the new Criminal Justice Act, which took effect yesterday, the police have powers to take "non-intimate samples" for DNA testing from people charged with any "recordable offence" – an offence for which the defendant can be tried by jury. Most samples will come from mouth swabs or hair roots. If the suspect is acquitted in court or criminal proceedings are dropped, the DNA details will be destroyed. If there is a conviction, the genetic fingerprint will be held permanently on computer in Birmingham.

The database will concentrate initially on DNA from people charged with burglary, assault and serious sexual offences – an estimated 135,000 samples in the first year.

Later it will encompass all recordable offences including petty theft and shoplifting. The Home Office expects the database eventually to hold DNA records of 5m individuals.

Mr David Werrett, research director of the Forensic Science Service, said the testing technology was so sensitive that a pinhead-sized blood or semen stain could be enough to give a reliable DNA sample. He said: "There was a recent murder case in Australia, using our reagents [chemicals], where they obtained a sample from mouth cells left behind on the rim of a coffee cup."

A technician working with the first national DNA database in the Forensic Science Service's Birmingham laboratory Reuter

The technology is based on short stretches of DNA, known as short tandem repeats (STRs), which vary greatly between individuals. Their advantages include: resistance to degradation over time; ease of amplification from tiny quantities; and suitability for storing as computer data.

Mr Werrett said the chance of two people (other than identical twins) sharing the same DNA profile was "one in many millions".

Mr Howard said the system – "and the very elaborate safeguards built into its use" – should remove the doubts that some defence lawyers and judicial experts had expressed about criminal DNA testing, particularly in the US.

Liberty, the civil liberties group, said it supported DNA testing and the setting up of a "limited DNA database to investigate serious crime" but the government's proposals were too far-reaching.

UK NEWS DIGEST

Crime rising 'faster in the UK'

Recorded crime in England and Wales has increased faster in the past seven years than in any other of 18 industrial countries including the US, France and Italy, Britain's opposition Labour party claimed yesterday.

Shadow home secretary Jack Straw said the figures gave the lie to Conservative attempts to "explain away" the rise in crime by saying it was a world phenomenon. "The Home Secretary forgot to admit that Britain's record is the worst of any of the developed countries on the Home Office list," Mr Straw said.

Labour said official figures showed recorded crime in England and Wales increased by 42 per cent in the seven-year period 1987-1993, to 5,526,255 offences in 1993. The country with the next highest increase was Portugal. The rise in recorded crime in other countries is as follows: Belgium 32%, Austria 26%, Norway 25%, New Zealand 24%, Netherlands 23%, France 22%, Finland 22%, Italy 21%, Republic of Ireland 16%, Canada 15%, Japan 14%, Scotland 13%, Sweden 9%, USA 5%, Northern Ireland 4%. *PA News*

Education cash to be 'top priority'

Mrs Gillian Shephard, the UK education secretary, yesterday promised that education would be "at the top of our priorities" in next year's public expenditure negotiations. Her comments came as the government's funding policies were under fierce attack from head teachers. However, she ruled out any chance of additional funding for 1995-96, although schools expect about 14,000 teacher redundancies to meet next year's funding settlement.

All three classroom teachers' unions in England and Wales are likely to take some industrial action over the issue. *John Authers*

Union set for leadership battle

A bitter struggle for power in Britain's largest private sector trade union is expected over the next three months as it appeared last night Mr Bill Morris, the 56-year-old Transport and General Workers' union general secretary may face a serious challenge in his re-election bid from a senior colleague.

Today Mr Jack Dromey, the union's assistant general secretary, is expected to announce he will run against Mr Morris in the forthcoming election for the top position in the union. A moderniser, and the husband of Labour's shadow employment secretary Ms Harriet Harman, he is seen by the left who control the executive as a serious threat to their hold on power.

The executive council agreed last week to bring the date of the general secretary contest forward. Nominations must be made by T and G branches by May 19. The ballot closes on June 16 and the result will be declared on June 23. *Robert Taylor, Employment Editor*

Administrators win Polly Peck access

Administrators to Polly Peck International, the collapsed business empire of fugitive businessman Asil Nadir, yesterday won access to remaining assets in the breakaway republic of northern Cyprus. The ruling effectively establishes the authority of the administrators in the republic. Nadir fled England for Cyprus in 1993 facing charges of theft and false accounting involving £34m ($54.4m) following the collapse of Polly Peck.

A court in Nicosia ruled that the administrators, the accountants Coopers & Lybrand, did have the right to act within the republic on the basis of an order issued in the UK in 1990. Yesterday's ruling means administrators will be able to deal with the sale of several parcels of land that are left and the Crystal Cove Hotel – which is as yet unfinished. Learned Ltd, the company which has already bought two other hotels from the administrators, is understood to be interested in a purchase. *Jim Kelly*

Orimulsion challenge

A judicial review of the pollution inspectorate's decisionto allow National Power to burn the controversial fuel orimulsion at its Pembroke power station is being sought by a local resident. Mr Toby Chapman says the proposals will lead to an increase in air pollution. Orimulsion, a mixture of bitumen and water, is strongly opposed by environmentalists. In January, the Chief Inspector of Pollution allowed National Power to go ahead with its orimulsion plan provided it installed emission control devices. *David Lascelles, Resources Editor.*

Rolls-Royce workers back action: Rolls-Royce workers at the East Kilbride plant near Glasgow have voted overwhelmingly for strike action over proposals to shed 600 jobs. The vote came in a ballot of five unions at the plant following the company's decision to close the aero-engine design and development unit at East Kilbride and transfer work to Derby.

Museum debate over Sioux relic: A possible peace deal was discussed yesterday by museum officials in Glasgow and Sioux Indians who want the return of one of their most sacred relics. No decision has yet been reached, but the discussions may lead to the museum handing back to the Lakota Sioux Indians a "Ghost Shirt", taken from a fallen warrior at the Battle of Wounded Knee in 1890.

Both sides have agreed to consider a "mutual long-term exchange of objects" for "a fairer and clearer understanding of the native American experience", a spokesman for Glasgow museums department said. But for the moment the Ghost Shirt will stay on display on Glasgow's Kelvingrove museum, where it has been since it was brought to the city by Buffalo Bill Cody's travelling Wild West Show in 1891.

LEGAL NOTICES

NO. 001180 of 1995

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF BROWN & ROOT MCDERMOTT FARBRICATORS LIMITED (formerly McDermott Scotland Limited) and IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated 29th March 1995 confirming the reduction and cancellation of the Share Premium Account of the above named Company by the sum of £29,845,000 was registered by the Registrar of Companies on 30th March 1995.

Ince & Co
Knollys House
11 Byward Street
London
EC3R 5EN

Solicitors for the above named Company
Ref: NSBG/DS/58/07

BUSINESSES FOR SALE

Coopers & Lybrand

PURPOSE BUILT BUSINESS CENTRE

Belasis Business Centre Limited

The Joint Administrative Receivers, John F Powell and Edward Klempka offer for sale the business and assets of this Cleveland based purpose built business centre.

Principal features of this business include:

- three pavilion complex, 90% externally let
- approximately 48,000 sq ft (net) of fully serviced office accomodation
- approximately 1.6 acre site for planned expansion
- budgeted turnover for 1995 £1.4m
- restaurant and bar
- copy shop and secretarial services
- conference and function facilities.

For further information, please contact John F Powell or Ian Lester at Coopers & Lybrand, Hadrian House, Higham Place, Newcastle upon Tyne, NE1 8BP. Telephone: (0191) 2612121. Fax:(0191) 2305993.

Coopers & Lybrand is authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

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CHRISTIE & Co

SURVEYORS, VALUERS & AGENTS

DORSET

THE NORFOLK ROYALE HOTEL, BOURNEMOUTH

On the Instructions of Messrs P S Padmore & P R C Dexham of Price Waterhouse, Joint Administrative Receivers

95 en suite bedrooms, 4 Star AA/RAC, 5 Crown ETB Highly Commended. Conference and leisure facilities including indoor pool. Predominantly corporate clientele. Subject to major renovation in 1988. One of the best hotels in the area. T/O year end 8 November 1994 – £1,858,000 exc. VAT.

FREEHOLD – Offers in excess of £4,250,000

Contact Peter Wear, London Office or Stephen Greenhill, Winchester Office *Ref. 38/FT44365*

LONDON OFFICE 0171 486 4231
WINCHESTER OFFICE 01962 844455

LEVY GEE

BUSINESS FOR SALE

Craghoppers Limited

The Joint Administrative Receivers offer for sale as a going concern the business and assets of this Yorkshire based manufacturer, wholesaler and retailer of quality outdoor leisure clothing.

Principal features include:

- Turnover approximately £1 million per annum.
- Secure Leasehold Premises - 8,000 sq ft.
- Acclaimed Labels, Tradenames, Trademarks and Goodwill.
- Production machinery.
- Experienced and loyal workforce.

For further information interested parties should contact Peter Bentley or Tony Freeman, quoting reference, M5263 at:

Levy Gee
Maxdov House
337/341 Chapel Street
Salford
Manchester M3 5JY
Tel: 0161-835 2843 Fax: 0161-832 5679.

FOR SALE

Software Company Supplying leading Banks and Building Societies with **Interest Rate Derivative** and **Risk Management Systems**

Very profitable growing business using latest GUI Technology.

For further details contact: Box B3894, Financial Times, One Southwark Bridge, London SE1 9HL.

Vodafone and Cellnet Air Time

Provider is offered for sale. The company which is profitable and growing, currently has some 7000 subscribers. Interested parties are asked to supply details to

Box Number: B3687, Financial Times, One Southwark Bridge, London, SE1 9HL.

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The Queens Hotel NEWPORT, GWENT T/O to March 1994 - £534,000 FREEHOLD, OFFERS INVITED Bristol Office - 0117 974 4566	The Great White Horse Hotel IPSWICH, SUFFOLK T/O to March 1994 - £516,000 FREEHOLD £695,000 Ipswich Office - 01473 256588
The Marine Hotel LLANDUDNO, GWYNEDD T/O to March 1994 - £727,000 FREEHOLD £850,000 Manchester Office - 0161 833 3311	The Strand Hotel BUDE, CORNWALL T/O to March 1994 - £373,000 FREEHOLD £395,000 Exeter Office - 01392 59371
The Royal Sportsman PORTHMADOG, GWYNEDD T/O to March 1994 - £263,000 FREEHOLD £265,000 Manchester Office - 0161 833 3311	Robin Hood Hotel NEWARK ON TRENT, NOTTS T/O to March 1994 - £256,000 FREEHOLD £495,000 Nottingham Office - 0115 948 3100

FOR GROUP ENQUIRIES PLEASE CONTACT
JEREMY HILL 0121 456 1222 OR
JAMES RICHARDS 0171 486 4231

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A M Combs, Norwest Holst Limited, Astral House, Imperial Way, Watford WD2 4YX Tel: 01923 233433 Fax: 01923 [illegible]

For immediate disposal by order of the Directors the business of:

KNOBS & KNOCKERS LIMITED

As a going concern

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Tel: 0181-769 8768 Fax: 0181-769 9781

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The Joint Administrative Receivers, [illegible] offer for sale the business and assets of

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- Modern purpose-built Abattoir, meat cutting and cold storage plant.
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Ref: 5711

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Reply to Moores Rowlands (AAH) Chartered Accountants PO Box 1034 Brighton BN1 1JB

GREEK EXPORTS S.A.

(Special liquidator of ELVIK S.A. by virtue of Decision No.937/1992 of the Larissa Court of Appeal)

ANNOUNCEMENT

OF A THIRD PUBLIC AUCTION FOR THE HIGHEST BIDDER FOR PURCHASING THE ASSETS OF HELLENIC MEAT INDUSTRY S.A. (ELVIK) NOW UNDER SPECIAL LIQUIDATION

GREEK EXPORTS S.A., established in Athens at 17 Panepistimiou Street and legally represented, in its capacity as special liquidator of ELVIK S.A. in accordance with Decision No 937/1992 of the Larissa Court of Appeal by which ELVIK S.A. had been placed under special liquidation and following written instructions (Ref. No.339/1995) of the Agricultural Bank of Greece (the creditor who represents at least 51% the company's obligations).

ANNOUNCES

a Third Public Auction for the Highest Bidder with sealed, binding offers, for the purchase as a whole of the total assets of ELVIK S.A. (established at Megala Kalyvia in the department of Trikala) within the framework of article 46a of Law 1892/1990, supplemented by article 14 of Law 2000/1991 and amended and complemented by article 53 of Law 2224/1994

ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY

ELVIK S.A. was founded in Athens in 1968 and established and maintains a vertical meat producing and processing plant installed on a self-owned plot of land 619 stremmas in area (4 stremmas = 1 acre) which had been sold to the company by the Greek state. It is to be noted that ELVIK S.A.'s installations include: 1) a pig breeding and fattening unit, 2) an ox fattening unit, 3) an animal feed production unit, 4) a slaughterhouse, 5) a sausage-making unit, 6) biological purification plant, etc.

The company's self-owned plot of land totalling 619 stremmas was claimed by the Community of Megala Kalyvia in a suit dated 7-9-92. After ELVIK S.A. had accelerated the legal procedure with a counter-suit, the case was heard on 21-9-1994 and a definitive decision was handed down by the Trikala Court of First Instance in favour of ELVIK S.A. and recognising its ownership of the land under litigation (see details in the Offering Memorandum).

TERMS OF THE AUCTION

1) Interested parties are invited to receive from the Liquidator the Confidential offering memorandum and the draft letter of guarantee in order to submit a sealed, binding offer to the Trikala notary public assigned to the auction, Mrs. Ermioni Kassopoulou, (23 Kolokotroni Street, Trikala, Tel. +30-431-36615 and 27446) up to 19:00 hours on Wednesday 3 May 1995.
2) Offers must be submitted in person or by a legally authorised representative. Offers submitted beyond the specified time limit will not be accepted or considered.
3) The offers will be opened before the above mentioned notary on Thursday 4 May 1995 at 10:00 hours with the liquidator in attendance. Persons having submitted offers within the time limit are also entitled to attend.
4) Each interested investor can submit one bid for all the elements of the company's assets. The offers must state clearly the offered price and manner of payment (in cash or credit, the number of instalments and when they are to fall due, etc.) Offers must not contain terms upon which their bindingness may depend or which may be vague with respect to the amount and manner of payment of the offered price or to any other essential matter concerning the sale. The liquidator and the creditor (Agricultural Bank of Greece) have the right, at their incontrovertible discretion, to reject offers which contain terms and exceptions, regardless of whether they are higher than the others.
5) On penalty of invalidity, offers must be accompanied by a letter of guarantee from a bank legally operating in Greece, of indefinite duration, to the amount of eighty million drachmas (Drs. 80,000,000).
6) Forfeiture of guarantee: In the event that the party to whom the assets for sale have been adjudicated fails in his obligation to appear and sign the relative contract within twenty (20) days of being invited to do so by the Liquidator, and abide by the obligations contained in the present announcement, then the amount of the guarantee stated above is forfeited to the Liquidator to cover expenses of all kinds, time spent and any real or paper loss suffered by himself and by the creditors with no obligation on his part to provide evidence of such loss or consider that the amount has been forfeited as a penalty clause, and collect it from the guarantor bank.
7) Return of letters of guarantee. Letters of guarantee submitted for participation in the auction shall be returned immediately after adjudication, except for the letter of guarantee of the highest bidder to whom it shall be returned on signature of the final contract.
8) Essential guidelines for the liquidator in judging the offers are, among others, the following:
a) The height of the offered price (present value)
b) The number of guaranteed job positions
c) The reliability, solvency and business experience of the prospective buyer
d) The buyer's business plan and investment programme
e) Guarantees provided by the buyer for any part of the sale on credit
9) Prospective buyers, through their offer, shall undertake to keep the unit operating continuously for at least five (5) years from the date of signature of the sale contract.
10) The highest bidder is the one whose offer was judged by the liquidating company and deemed by the majority creditor (Agricultural Bank of Greece) to be the most satisfactory.
11) The Company's assets and all the separate fixed and circulating assets that make them up, shall be transferred "as is and where is" and, more specifically, in their actual and legal condition and wherever they are on the date of signature of the final contract, regardless of whether the Company is operating or not.
12) The liquidator, the Company under liquidation and its shareholders and creditors are not liable for any legal or actual faults or any incomplete or inaccurate description of the assets for sale in the Offering Memorandum.
13) Interested buyers must, on their own responsibility and due care, and by their own means at their own expense, inspect the object of the sale and form their own judgement and declare in their bids that they are fully aware of the actual and legal condition of the assets for sale.
14) The liquidating company and the Creditors bear no responsibility or obligation towards participants in the auction, both with regard to the evaluation of the bids, the selection of the highest bidder, the decision, if any, to cancel or repeat the auction and any other decision in general regarding the procedure and execution of the auction. The submission of a binding offer does not imply any right in the adjudication of the sale and, in general, participants do not acquire any right, claim or demand from the present announcement and from participation in the auction against the liquidating company or the creditors for any cause or reason.
15) All costs and expenses of every nature for participation in the auction and for the transfer of ownership, as well as all taxes, duties, dues, state fees or third party fees that may be imposed (beyond the exemptions foreseen by law) relating to participation in the auction and to the sale contract, anything following the sale, transcriptions and any other acts, are borne exclusively and alone by the interested buyers and the highest bidder respectively.
16) Participation in the auction implies acceptance by the prospective buyer of all the above terms of the present announcement.
17) The present announcement has been drafted in Greek and in English in translation in any event, the Greek text shall prevail.

For any further information and for the Confidential Offering Memorandum, interested parties may apply to:
a) GREEK EXPORTS S.A. 17 Panepistimiou Street (1st floor), Athens, Greece, Tel.+30-1-324.3111 -115 Fax: +30-1-323.9185
b) ETBA S.A. (Holdings Dept.) 87 Syngrou Ave. (4th Floor) Athens, Greece, Tel. +30-1-959.4611 and 929.4613.

CALL FOR TENDERS FOR THE SALE OF THE ASSETS "ROKA INDUSTRIAL ENTERPRISES S.A", OF ATHENS, GREECE

ETHNIKI KEPHALEOU S.A., Administration of Assets and Liabilities, of 1 Skoulenior Str., Athens, Greece, in its capacity as Liquidator of "ROKA INDUSTRIAL ENTERPRISES S.A." a company with its registered office in Athens, Greece, (the "Company"), presently under special liquidation according to the provisions of article 46a of Law 1892/1990, by virtue of Decision No 4482/1994 of the Athens Court of Appeal.

announces a call for tenders

for the sale of the assets, as a single whole, of the company described below.

BRIEF INFORMATION

The Company was established in 1973 and was in operation until 1993, when it became bankrupt. On 30.9.94 it was placed under special liquidation according to the provisions of article 46a of Law 1892/1990. Its objectives included the manufacturing of cotton yarns, of knitted fabrics and bed covers.

ASSETS OFFERED FOR SALE

These include the following:

1. A cotton spinning and weaving mill, dyeing and finishing units, cutting-sewing (confection) units. The whole complex consists of several buildings, the total surface of which amounts to approximately 16,000 sq.m., standing on a plot of about 52,914.21 sq.m. according to the titles of ownership and 53,593 sq. m. according to the relevant topographical plan and containing machinery, mechanical equipment, etc. The Company's trade name is also on offer. This is located at "Grekin", at the 6th km of the National Larissa-Thessaloniki Road, in the region of Koulouri. On 23.12.86 the factory was leased to "INCO GMBH IMPORT-EXPORT" a limited liability company based in Krefeld (224) Oeswali St. 4150 Krefeld) for a period of nine years. Currently, this is operated by the two sublessees, "INKO HELLAS TEXTILES MANUFACTURING AND TRADING INDUSTRIAL S.A." and "INKO HELLAS LTD"
2. A plot of land, adjoining the factory plot, at the 6th km of the National Larissa-Thessaloniki Road, in the region of Koulouri

OFFERING MEMORANDUM - FURTHER INFORMATION

Interested parties may obtain the Offering Memorandum in respect of the Company and its assets upon signing a confidentiality agreement.

TERMS AND CONDITIONS OF THE AUCTION

1. The Auction shall take place in accordance with the provisions of article 46a of Law 1892/1990 (as supplemented by article 14 of Law 2000/91 and subsequently amended), the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespectively of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions.
2. Binding Offers: Interested parties are hereby invited to submit binding offers, not later than Monday, May 8th 1995, 12:00 hours to the Athens Notary Public Mr George Stefanakos, Akadimias St.39, 106 72 Athens, Tel. +30-1-645.04.22 and 360.69.69, fax: +30-1-645 04.23

   Offers should expressly state the offered price and the detailed terms of payment (in cash or instalments, mentioning the number of instalments, the dates thereof and the proposed annual interest rate, if any). In the event of not specifying: a) the way of payment, b) whether the credited amount shall bear interest and c) the interest rate, then it shall respectively be deemed that a) the offered price is payable upon execution of the sale contract, b) the amount credited shall bear no interest and c) the interest rate shall be the legal rate in force from time to time. In all cases where the credited amount bears interest, this shall be calculated on the basis of the outstanding amount and shall be payable on the dates of payment of each instalment. Binding offers submitted later than the above date shall neither be accepted nor considered. The offers shall be binding until the adjudication. Submission of offers in favour of a third party to be nominated at a later stage shall be accepted on condition that this is expressly stated upon submission and that the offeror shall give a personal guarantee in favour of such third party for the compliance of the obligations deriving from the sale contract.
3. Letters of Guarantee: Binding offers must be accompanied by a Letter of Guarantee issued in accordance with the sample Letter of Guarantee contained in the Offering Memorandum, by a bank legally operating in Greece, to remain valid until the adjudication. The amount of the Letter of Guarantee must be DRS. ONE HUNDRED FIFTY MILLION (150,000,000.-)

   Letters of Guarantee shall be returned after the adjudication.
4. Submissions: Binding offers together with the Letters of Guarantee shall be submitted in sealed envelopes.
5. Envelopes containing the binding offers shall be unsealed by the above mentioned Notary Public in his office, on Monday, May 8th, 1995 14:00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the unsealing of the binding offers.
6. As highest bidder shall be considered the participant, whose offer will be judged by creditors representing over 51% of the claims against the Company (the "Creditors"), upon recommendation by the Liquidator, to be in the best interests of all the creditors of the Company. For the purposes of evaluation, an offer to be paid in instalments shall be assessed on the basis of its present value to be calculated by employing a 22% annual discount interest rate, compounded yearly.
7. The Liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his binding offer and/or any other improved terms, which may be suggested by the Creditors and agreed upon. In the event of the highest bidder not complying with such obligation, the Letter of Guarantee shall be forfeited as a penalty. Adjudication shall be deemed to take effect upon execution of the contract of sale.
8. All costs and expenses of any nature, including tax (such as V.A.T), duties, custom duties, any charges in favour of the state or third parties, which may need to be paid (other than those exempted by law) in respect of the participation in the Auction and the transfer of the assets offered hereby for sale, the sale contract, as well as any other act prior or subsequent to the transfer of assets shall be exclusively borne by the participants and the purchaser respectively.
9. The Liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel the Auction or any decisions whatsoever in connection with the proceedings of the Auction. The Liquidator or the Creditors shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall not create any right for the adjudication nor the participants shall acquire any right, power or claim from this call and/or their participation in the Auction against the Liquidator and/or the Creditors for any reason whatsoever.
10. This Call has been drafted in Greek and translated into English. In any event, the Greek version shall prevail.

In order to obtain a copy of the Offering Memorandum and any other further information, please apply to the Liquidator "Ethniki Kephaleou SA, Administration of Assets and Liabilities", 1, Skoulenior St. Athens 10561, Greece, Tel.: +30-1-323.14.84-7. Fax: +30-1-321.97.05 (attention of Mrs. Marika Frangakis) or the Liquidator's agent, Mr. Leonidas Arhondis, 2, Fritou Str. 412 22 Larissa, Tel.: +30-41-530.479.

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INTERNATIONAL PEOPLE

Wider role for BHP's Bob Flew

Bob Flew, group general manager of BHP Australia, has been put in charge of BHP's international operations. He has been given the newly-created title corporate general manager international. John Hannah, president of Chile's Minera Escondida, succeeds Flew, and his post is filled by Ken Pickering, general manager mining, Mount Newman.

■ Ray Seitz, 54, the former US ambassador in London who recently joined Lehman Brothers as a senior managing director, has joined the board of British Airways. Charles Price, 64, US ambassador to London 1983-89, steps down in July.

■ David Coltman, who joined United Airlines in 1989 after a long career in British aviation, is moving to the USA as senior vice president marketing. Andrew P Studdert, formerly with First Interstate Bancorp, joins as chief information officer and James M Guyette, an executive vice president, and Stephen T Steers, senior vice president customer service, are retiring.

■ Robert S Miller, 53, a former vice chairman of Chrysler Corporation, becomes chairman of Morrison Knudsen Corporation, the Idaho engineering, construction and rail company.

■ George L (Chuck) Farr, 54, who has worked for McKinsey & Co since 1968, joins American Express as a vice chairman May 1. He will have oversight of the travel services group, travellers cheque group and strategic planning.

■ Kiyoshi Tsugawa, 61, who has been chairman of S G Warburg Securities (Japan) for eight years, has been appointed chairman and branch manager of Lehman Brothers Japan.

■ Peter Turnbull joins BTR Nylex from Newcrest Mining, as company secretary, succeeding Harold Walters, recently appointed chief executive, BTR Nylex in Hong Kong.

■ Owen Williams, previously at Goldman Sachs Asia, has joined Bear, Stearns & Co., as a senior managing director and chairman of investment banking Asia in Hong Kong.

■ Thierry de Kalbermatten, executive vice president of Bobst, becomes a director of Electrowatt, Zurich. Robert Staubli has retired.

■ Boel Flodgren, a professor at Lund University, replaces Sten Gustafsson on Skandia's board.

■ Mark Leibler, 51, a Melbourne lawyer, has been made a director of Coles Myer.

■ John Key, formerly of Bankers Trust, has been appointed regional head of Merrill Lynch's Singapore based Asia-Pacific operations. Graham Edwards, previously London head of sales at Goldman Sachs, becomes head of sales in London, and Shizuo Onishi, formerly with Chase Manhatten Bank, will co-head the Japan unit.

■ Robert C. Calafell, 53, formerly vice president, video services for GTE telephone operations, has been appointed senior vice president, corporate planning and development, for GTE Corp.

■ Philip C. Doyle, 54, who has managed his own business TAW Company in Hong Kong for 10 years, joins Com-Tek Resources as vice president, international operations.

■ Jerry R. Gilmore, 46, becomes divisional vice president, administration and planning, at Bowater. He joins from Georgia-Pacific.

■ Dr. Frank L. Lederman, 46, previously senior vice president for technology at Noranda, joins Alcoa as vice president, research, development and engineering.

■ Raymond Cyr, chairman of Bell Canada, and Cedric Ritchie, a director of the Bank of Nova Scotia, become directors of Canadian National Railway.

■ Marcello Colitti is appointed president, and Daniel C. Scheid chief executive, of Polimeri Europa – a new joint venture between Union Carbide Corp. and EniChem.

■ John A. Piontkowski, 40, becomes vice president of finance, and controller of Smith Corona Corporation, succeeding Thomas C. DeFazio who has resigned.

■ Jean-Caude Scraire, formerly chief operating officer, becomes chairman and chief executive officer of Caisse de depot et placement du Quebec.

International appointments

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Licence refusal breached EC law

EUROPEAN COURT

A refusal by a copyright owner to grant licences to third parties amounted to a breach of European Community competition law when it had the effect of preventing the emergence of a new product for which there was potential consumer demand, the European Court of Justice ruled last week.

The case concerned attempts by Magill TV Guide, an Irish publisher, to publish a comprehensive weekly television guide in Ireland.

Copyright in TV scheduling information belonged to the BBC, Independent Television Publications and the Irish broadcaster, Radio Telefis Eireann, all of which published individual guides of their own listings.

The companies obtained injunctions to stop Magill publishing. Magill complained to the European Commission, which found the companies had abused their dominant positions by preventing the publication and sale of comprehensive weekly television guides in Ireland.

It ordered them to supply each other and third parties on request with their individual advance weekly listings and to allow their reproduction.

The companies appealed to the European Court of First Instance, which found in the Commission's favour. They then appealed to the justice court. The advocate-general argued that the court should find in the companies' favour because their behaviour did not amount to an abuse of their dominant position in the market.

The European Court of Justice said although mere ownership of an intellectual property right could not create a dominant position, in the present circumstances, the companies had a de facto monopoly over the information used to compile TV listings, which meant they could prevent effective competition. They therefore had a dominant position on the market.

The court said the companies were wrong to suppose that the conduct of a company in a dominant position could never be reviewed under EC competition laws where it consisted of exercising a right classified under national law as copyright.

Although it was clear that the refusal to grant a licence, even by a company in a dominant position, did not of itself constitute an abuse, there were occasions when such action would be abusive.

In the present case, the companies' refusal to grant Magill a licence led directly to the prevention of the emergence of a new product for which there was potential consumer demand. Such conduct, taken with its consequences, was an abuse of a dominant position.

Turning to the effect on inter-state trade of the refusal to licence, the court said the Court of First Instance had drawn the correct conclusion from the finding that the companies had modified the structure of competition in the Irish market, which comprised one member state, the Irish Republic, and part of another, Northern Ireland, by excluding all potential competitors from that market. This conduct had affected potential commercial exchanges between Eire and Northern Ireland and thus trade between member states.

On the issue of the Commission's right to impose compulsory licensing of intellectual property, the ECJ said that under the relevant procedural regulation, the Commission's power to terminate infringements of the EC competition rules included the adoption of an order to do certain acts which unlawfully had not been done.

The court ruled that, having found that the conduct in question was contrary to EC competition rules, the Court of First Instance was entitled to require the companies to provide the information required by a third party and the compulsory licensing order was the only way of bringing the infringement to an end.

Joined Cases C-241/91 P and C-242/91P: RTE and Independent Television Publications Ltd v Commission, ECJ FC, April 6 1995.

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TECHNOLOGY

New drugs to combat osteoporosis will soon be joining the fight. **Victoria Griffith** reports

Time to break the mould

Osteoporosis, a condition of weakening bones, is so much a part of our lives that it has insinuated itself into the English language.

The phrases "little old lady" and "dowager's hump" depict women suffering from the disease. "People used to joke that every time they saw their grandmother, she seemed to have shrunk," says George Dunbar, president of Metra Biosystems, which manufactures osteoporosis diagnosis tests. "Now we know it's no joke. She actually is shrinking as her bone mass gets smaller."

A new arsenal of drugs may soon give physicians the weapons they need to fight the condition. At the end of March, Merck filed an application for a new osteoporosis treatment, alendronate, with the US Food & Drug Administration. If the compound is approved, it will be the first osteoporosis drug to come to market since 1984.

Also in March, scientists at the California-based company Norian announced they had come up with an artificial bone paste that could help fill in the gaps in osteoporosis-weakened bone. The compound, a mixture of phosphoric acid and sodium phosphate, is undergoing human trials in the US.

Eli Lilly plans to file an osteoporosis drug with the FDA next year: a synthetic hormone called raloxifene. And Metra Biosystems, which now sells diagnostic tests in Europe for the disease, hopes to win FDA approval for its products soon.

Osteoporosis is a serious, and potentially lethal, disease which affects an estimated 200m people worldwide. In its most advanced stages, bones become so brittle that just coughing or turning over in bed can cause a fracture. Up to 20 per cent of women who suffer osteoporosis-induced hip fractures die as a result, according to the US Osteoporosis Foundation. Osteoporosis is also an expensive disease to treat, costing between $7bn-$10bn (£4.3bn-£6.2bn) a year in the US alone, says the foundation.

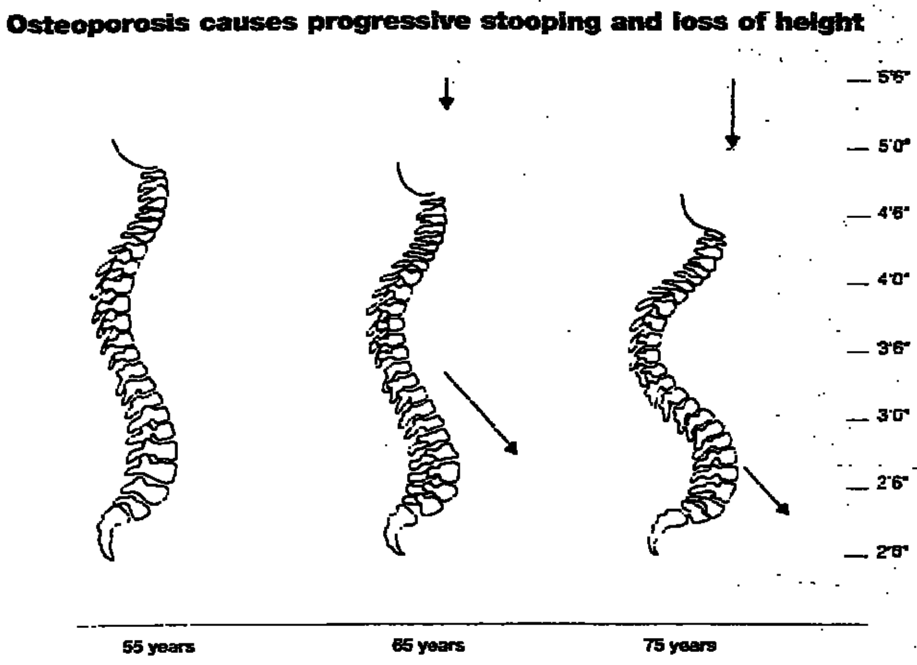
The Merck drug and the new bone paste mark a new era in osteoporosis treatments, focusing on building bone mass rather than simply preventing bone loss. Other treatments are in the pipeline.

"We're at a pivotal point in the treatment of this disease," says Ethel Siris, a professor of clinical medicine at Columbia University. "Suddenly we're seeing new therapies after an awfully long drought."

In February, researchers at the University of California, San Francisco, announced they had succeeded in building bone mass in laboratory animals with parathyroid hormone, a human hormone that aids in calcium metabolism. Karo Bio of Sweden and Novo Nordisk of Denmark are collaborating to identify chemicals that act on oestrogen receptors – oestrogen helps to prevent bone degradation.

NPS Pharmaceuticals, a Utah biotech company specialising in calcium regulation, is developing several osteoporosis drugs in collaboration with SmithKline Beecham. One mimics the effect of calcium (the main mineral in bone) to suppress the resorption of bone into the body. Another increases natural secretions of calcitonin, a hormone that acts to reduce resorption.

Osteoporosis causes progressive stooping and loss of height



Other companies, such as Genetics Institute and Glaxo, are working on bone-building proteins, although these treatments are probably many years from market.

Osteoporosis was, until the 1980s, widely considered a natural part of ageing, and little attention was paid to treating the disease. Many believe that because the disease strikes women far more frequently than men it was taken less seriously.

"Because men are thought of as the bread winners, medicine has traditionally focused on treating men's, not women's, diseases," says Siris. An awareness campaign in the early 1980s, however, succeeded in focusing pharmaceutical companies on osteoporosis. Their efforts are now coming to fruition.

The new drugs are especially welcome because current treatments for the illness are flawed. Oestrogen therapy, the most commonly prescribed treatment for the disease, has very low rates of compliance. Some 95 per cent of women prescribed the drug stop taking the treatment after just a few years, according to the US Osteoporosis Foundation. Patients are also concerned that the drug may be linked to breast cancer, although studies have been inconclusive. The hormone may also trigger the return of menstrual bleeding.

Synthetic hormones based on calcitonin prevent bone loss but they cannot be taken by mouth. Until recently they had to be injected, though nasal sprays are now available.

Compliance is a concern for all osteoporosis drugs currently on the market. "Women are supposed to take these treatments many years in advance of the symptoms," says Robert Lindsay, a professor of medicine at Columbia University. "But like other diseases, if they can't see the symptoms now, they stop taking the drugs. And then it's too late. That's why it's so important to have drugs that build bone mass as well as prevent bone loss."

Humans destroy and rebuild bone mass throughout their lives. Until their 30s, most people are building their skeleton at a higher rate than they are losing it, and the result is an overall bone gain. In post-menopausal women, and a number of elderly men, however, the situation is reversed, and the body begins to break down bone at a higher rate than it can be generated. Osteoporosis results when bone formation and resorption are seriously out of balance.

Oestrogen can help bone mass to accumulate by preventing bone degradation, but bone mass soon stabilises, whereas early indications are that alendronate may continue to build up bone over many years.

Eli Lilly's raloxifene is more of an overall health drug. A synthetic hormone which targets oestrogen receptors in the bone and heart but not in the reproductive system, the drug targets heart disease as well as osteoporosis. The advantage of raloxifene over oestrogen replacement is that patients on the Eli Lilly drug would not experience a return of their menstrual cycle.

Biomarkers, a new way of diagnosing osteoporosis, are also a key development. Currently in the US, the only way to judge bone loss is to X-ray the skeleton over a number of years to see if mass is getting smaller. Biomarkers would speed up identification of a problem by detecting degraded bone in the blood or urine.

Biomarkers also have drawbacks, however. Because they do not indicate how much bone mass is present, used alone they cannot accurately predict who is at risk. "We really need both [biomarkers and X-ray]," says Sandra Raymond, executive director of the US Osteoporosis Foundation. "But the biomarkers are a breakthrough because for the first time physicians will be able to monitor how well therapies are working."

If, as expected, a new stream of drugs comes on line over the next few years, public health

'Suddenly we're seeing new therapies after an awfully long drought'

officials will breathe a sigh of relief. Otherwise osteoporosis will become an epidemic over the next few decades, as the world's population ages.

Scientists are particularly concerned because women are not heeding warnings that can help them prevent osteoporosis later in life. To build bone mass while they are young, say health officials, women should consume more calcium, stop smoking and get plenty of exercise.

Even if this advice is not heeded, scientists hope a new arsenal of treatments will allow them to battle the disease more effectively than they can now. "If we just rely on old methods, osteoporosis will never be completely eradicated," says John Termine, head of the raloxifene team at Eli Lilly. "But with the new drugs coming out, we could, in the foreseeable future, arrive at a point at which osteoporosis is no longer a public health menace."

Clean, dream machine

Kenneth Gooding on a system that reduces car emissions

As you drive your car in the future it could be cleaning the air around you. That is the tempting prospect offered by Engelhard, the US special materials and precious metals group.

Engelhard has developed a catalytic coating that, when applied to a car's radiator or air conditioning condenser, will convert carbon monoxide into carbon dioxide and turn ozone, or smog, into oxygen as air passes over the components.

Engelhard's past successes, using platinum group metals as catalysts, have included the development of three-way catalytic converter technology to cut vehicle exhaust emissions, as well as direct catalytic conversion of stratospheric ozone into oxygen for aircraft cabin air.

Its latest breakthrough suggests that we might be able to meet "green" objectives even as we drive.

The system might also help car makers to meet increasingly stringent anti-pollution regulations in the US – especially in California which is pushing towards "zero emissions" from cars – without making dramatic changes to their vehicles or having to include electric vehicles, which at present are expensive and are limited in range.

Ford, the world's second-largest vehicles group, is one of the car makers working with Engelhard on the catalyst system. Haren Gandhi, Ford's director of chemical engineering, says: "Initial studies by Engelhard indicate the system could result in air quality improvements equal to or greater than possible with electric vehicles – but at much lower cost."

Unfortunately, however, Engelhard's so-called PremAir system is by no means the complete answer to the green driver's prayers.

There are three big pollutants from vehicle exhausts: carbon monoxide, hydrocarbons and oxides of nitrogen. All have severe localised effects on health and the environment and contribute to global warming.

Engelhard's new system only deals with carbon monoxide. Its new catalyst speeds up the conversion of carbon monoxide to carbon dioxide. There should be no increase in carbon dioxide (a "greenhouse" gas and contributor to global warming) in the atmosphere because the conversion would take place over time.

Ozone is caused by the affect of sunlight on car exhaust fumes. Even with one of Engelhard's three-way catalysts fitted to the exhaust, some of the pollutants still escape (3 per cent, according to Engelhard). So even a car that is cleaning the ozone in the air around it will be creating more ozone.

Also, US regulations do not specifically name ozone as a pollutant but seek cuts in the other three pollutants. Engelhard and the motor industry will have to persuade legislators to change the regulations.

The company feels this should not be too difficult. "The regulations, in effect, are aimed at reducing ozone and this is a different way of getting at the problem," its spokesperson, Denise Lenci, points out.

Engelhard had urban areas with severe smog problems – such as Los Angeles – in mind when working on the new catalyst, she adds. And there is no reason why it should not be used on stationary plant such as office heating and air conditioning systems.

Terence Poles, Engelhard's director of business development, suggests that, if all 9m vehicles in Los Angeles were equipped with PremAir, "they would treat all of the air covering the city, up to one and a half stories or 15ft high, every day. If the vehicles were further modified so the radiator fans were to stay on during part of the afternoon peak smog hours, even if the vehicles were parked, the potential amount of pollutants destroyed would increase tenfold".

He says the system might be available in the US as early as the autumn of 1997, in time for the car makers' 1998 model year. It is not yet possible to say how much it would cost, "but our calculations show that, even if it added $500 to $1,000 to the cost of a car it would be cost-effective compared with alternative clean-air strategies, such as the electric car, reformulated fuels and employee commute options".

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Artists with irritating attitudes

William Packer finds little talent on show in the new exhibition at the Saatchi gallery

There is no reason why Charles Saatchi should not buy whatever he likes for his collection of modern art. And if he chooses to put it selectively on public show at his own expense and in one of the most splendid private galleries in the country, good for him.

But if, on balance, the Saatchi Collection is indeed a good thing, why then should it so often be so irritating? The sub-series of shows of work by younger British artists, of which the fourth has just opened, may offer a clue. For here we have a group of two painters, two sculptors and a conceptualist, all under 35, who yet again are all *critically* correct in terms of the current fashionable avant-garde.

Three of the five are graduates of the Goldsmiths' College, while the conceptualist and the minimalist are from the Royal College and the Slade. Aha! we say, here are young artists with attitude. For the great heresy of the times is that art must be "significant". The artist is taught to "discover" an "interest" that is "relevant", to "*explore*" and "*develop*" it, and then to parade himself forever around it, striking suitable poses in the meantime.

Gavin Turk, the youngest, seriously wants to be famous, so much so that he would rather the inconvenient business of having to make some art in the meantime did not slow him down. Not obviously blessed by any formal talent, he has dispensed with that necessity by the simple expedient of making himself the central fact of his "work". The sole product of his years at the Royal College is the replica blue plaque he made to mark his passing – "Gavin Turk Sculptor worked here 1989-1991". He has made a life-cast of himself, dressed it up as Sid Vicious, *hero of the untalented*, and put it in a glass case. He has mocked up, rather *clumsily*, a photograph of himself as a cover of Hello! magazine.

But clearly I am missing the point. For what Turk is doing is not making art but offering a critique. His work is "a deliberation on the nature of authorship", the catalogue tells us. "He employs two strategies. On the one hand, he stages the ironic myth of Gavin Turk, as though heroism were still a credible option, and, on the other, he plays with *and* parodies the means by which value is established, recognition accorded and status conferred." I see.

Marcus Harvey takes a black canvas onto which he draws a schematic linear image in masking tape. He then overlays it with a vigorous and richly-coloured *impasto of oil-paint, pulls off* the tape, and Bob's your uncle – or Bobbie your maiden aunt. For what gives these images their pictorial frisson is their pornographic derivation from photos of knickers, bottoms and splayed pudenda – "a dialogue of confrontation between ... the Apollonian need for order and the Dionysian *propensity for excess*". Or a disingenuous formula, perhaps?

Brad Lochore covers large canvases with simple tonal representations of shadows falling slant-wise across a plane white surface. Sometimes architecture is suggested by a harder edge to a particular area of paint, otherwise it is left to the implied *perspectives* of the shadows to create the illusion of space. They are deceptively impressive, especially so hung beneath the steel-girdered and sky-lit roof. But they flatter to deceive, the shadows achieved *by an unvarying technical ploy* of spray and wipe, and get emptier the more we look at them. *But* "the work is about seduction and betrayal", says Lochore, "the point at which the imaginary dissolves and is denied." So that is all right then.

The two sculptors concern themselves with furniture. John *Frankland offers a conventional* garden shed covered in reflective silver plastic sheeting, soft to the touch, a golden wall the length of the entrance gallery, and a cast of a tree trunk painted bright yellow. *He "indicates the obvious* parallels that exist between setting prices on the world market for precious metals and stones and establishing the saleroom value of works of art."

Marcus Taylor, for his part, is pre-occupied with fridges and freezer cabinets, of which he makes plain and full-size *models in semi-translucent* white plastic, a chic and seductive material. Indeed the rather beautiful and visually intriguing effect of their display is the way in which they seem to be physically *absorbed into the embracing* whiteness of the gallery itself. It is in truth the only interesting thing about them. Their subject, we are told, "is the relationship between lightness and solidity, enclosure and containment, access and its denial."

Mr Saatchi is welcome to *whatever he cares to buy*. But how conventional and academic such stuff has now become, and how tediously self-serving its exegesis. How one longs for some painting that is content to take its *justification simply in direct* response to the visible world. Such work is there if he cares to look for it. Perhaps the true problem is that no-one will show him.

Young British Artists IV: Saatchi Collection Gallery, 98a Boundary Road, London NW8 until June 25, Thursday to *Sunday 12-6 pm or by* appointment.

All knickers and bottoms: 'Reader's Wife 1', 1993-4 by Marcus Harvey

Opera/**David Murray**

Peter Grimes

At Covent Garden we have the *nth* revival of Britten's break*through opera in* Elijah Moshinsky's simple, thrifty staging. It marks not only the 50th anniversary of the opera, but (almost) the 20th of this production, which remains striking and effective beyond its budget-conscious means. This time, it is distinguished by a pair of world-class voices, the Canadian tenor Ben Heppner and the Welsh baritone Bryn Terfel, who is ubiquitous these days.

Each of those voices boasts not only outsize weight and density, but laser-beam focus. When did we last have our ears knocked back by a *Peter Grimes?* Not since Jon Vickers, I think. If Heppner cannot yet wield an outsize personality like Vickers, he is nevertheless hugely impressive. His looming bulk lends anguished menace to his Peter; his acting is economical but strong: the voice is used unstintingly, but to serious purpose. For once, we heard nearly every word in the "Great Bear and Pleiades" monologue, delivered with intense feeling.

Not to be outdone, Terfel makes his Captain Balstrode a figure of quivering energy: not the usual wise, melancholy old sage, but something more like a fiercely protective elder brother, sharing Grimes's pain to the end. With this pair, the Grimes-Balstrode relationship becomes the axis of the opera – a fascinating new slant. Even Josephine Barstow's ultra-sensitive, reedy Ellen *finds herself slightly shaded* by the electrical charge of this duo.

The whole revival is cast from strength. Besides several Covent Garden regulars, returning confidently to their roles (notably Peter Savidge's Ned Keene and Eric Garrett's fusty Swallow), there is a sharp, twisted Bob Boles from the invaluable Robin Leggate (a mainstay of the Royal Opera this season); a fresh, wry Auntie from Claire Powell; a clever, mock-bland Rector by Barry Ryan, making an auspicious house début. The chorus sounded disappointingly weak in the opening inquest-scene, but soon warmed to their task.

The new conductor is the Spaniard Arturo Tamayo, who seems to know the score well enough but needs better rapport with his singers. Time and again, he was caught off guard by their quite natural moments of *rubato:* was rehearsal-time so meagre? He let the inquest sag ponderously, and the lovely women's quartet – with its echoes of the *Rosenkavalier* trio – missed its ultimate degree of uplift. The storm was a little tame. Nothing that another *performance or two cannot put* right; and in any case, there will be full, excited houses to spur everybody on.

Theatre/**Sarah Hemming**

Boucicault's 'Colleen'

We are midway through a feast of Irish theatre in England. In London, Anne Devlin's *After Easter* is at the Pit, Donal McCann is blazing away in Sebastian's Barry's new play at the Royal Court, the redoubtable Field Day moves into the Tricycle next week with *Uncle Vanya*. Lynne Parker directs O'Casey's *The Silver Tassie* at the Almeida in two weeks' time, and in May Joe Dowling's production of *The Plough and the Stars* arrives at the Garrick.

In Manchester, meanwhile, Garry Hynes takes on the considerable challenge of *The Colleen Bawn*. Dion Boucicault's 19th century melodrama about love across the social divide is tricky to pull off in an age when sensation has worn thin. The National Theatre, staging *The Shaughraun* in 1988, went full steam for the spectacular, with a wildly flamboyant revolving set. Hynes takes the *opposite route, complimenting* the Royal Exchange's in-the-round space with a stripped down *staging that throws the* onus back on the actors.

Boucicault's play is a splendid blend of romance and intrigue, underpinned by wry social comments and a keen re-assertion of Irish identity. The story is the stuff of ballads – a society man falls for a peasant girl, but is forced for the sake of convention and the *health of his wallet to marry* the lass with the money. The Cregans, a gentile anglo-Irish *mother and son, are on the* verge of ruin and have only two options to avoid the debtors' gaol. Either mother marries the loathesome attorney, or Hardress weds the local heiress, Anne Chute. But Anne is in love with another and Hardress has already married Eily, the fair maid, or colleen bawn, of low birth.

Who should be sacrificed? Mother or wife? Boucicault resolves his dilemma through an intricate plot peppered with sensational scenes and winding up with narrowly averted tragedy. But beneath all the razzmatazz lies a trenchant critique of snobbery, of social forces and of the suffocation of Irish self-respect. There is no mistaking the irony behind Eily's urgent attempts to become a lady *for* her lord: "I'm getting clear of the brogue and learning to *do nothing*."

Hynes' production moves effortlessly between the two worlds of gentry and outcasts, using sound rather than visuals to define place. It is spirited along by live music: a parlour piano tinkles softly in the Cregan's home; uilleann pipes resound around the hills.

But the production's real *strength is that it is never* played for laughs, but is characterised by affectionate humour. *The fine cast pitch* their performances skilfully, not guying up the play's most florid lines. John Elmes is a delight as Hardress, all jaw and sideburns, there are enjoyable performances from Margaret Robertson as his mother and Eamon Kelly as a tippling priest. The production is carried along, though, by Alison McKenna, light as down as the fair Eily, and Ingrid Craigie, spry and spirited as the local heiress. *Frank Laverty, as a* stepdancing, lovable rogue, adds whiskey to the punch.

Continues *to* May 6 at Manchester Royal Exchange (0161-833-9833).

Ballet/**Clement Crisp**

Out of step with Stravinsky

Give them anything, but call it *Swan Lake* or *Romeo and Juliet* – is a policy all too common among ballet troupes. With seat prices too high, and subventions too low, companies are driven by their audience's unadventurous tastes, which in turn are dictated by a belief that the tried and true (and tired) is what ballet should *be when hard-earned cash is involved*. Where triple bills were once a means of exploring the riches of a repertory and – by generous casting – of a company, these now often resemble a scratch supper of left-overs rather than a banquet.

The Royal Ballet has had the good sense to try and remind its public of the value of such repasts, even if cook has sometimes sent up a wildly ill-balanced meal. The idea of thematic programming is not new, but it no less wise for that, and the latest "Stravinsky staged" *bill is excellent in shape* and intention, if less so in realisation.

Stravinsky's scores are part of the life-blood of ballet in our century, from *Firebird* in 1910 up to, and beyond, New York City Ballet's great Stravinsky Festival of 1972. The Royal Ballet's survey brings back Fokine's greatest creation, *Petrushka*, with Balanchine's miraculous *Duo Concertant*, Kenneth MacMillan's first, dazzling professional piece, *Danses Concertantes*, and a creation from Ashley Page, *Ebony Concerto*. What is wrong with an admirable programme can be laid at the door of unimaginative revival.

In 1955 *Danses Concertantes* was bright with wit, irreverent sparkiness. It was a ballet from a young man who adored the cinema, and one who could not help inventing movement. I remember leaving the auditorium after the first night feeling intoxicated by the fizz and exhilaration of the dances. I left the auditorium on Wednesday night eager for something *to intoxicate me. The revival looked* unworthy, unidiomatic. The cast sank into the music's beat instead of springing from it. *MacMillan's* saucy, mysterious incidents – the quickness and sophistication of gesture; the clear romanticism and the equally clear quirks of feeling – were dulled. Brightness, youth, were gone. Instead, we had civil servants dutifully filling out the wrong forms.

Duo Concertant, staged by Kay Mazzo who created the female role, looked as good as *when I reported* upon its arrival here for the "Dance Bites" tour earlier this year. Viviana Durante and Bruce Sansom listen to Stravinsky, played admirably by Philip Gammon and Yury Torchinsky. So does Balanchine. His dances start, flesh of the music, and we marvel: It is quite perfect as a work of art, and its ending – the poet with his muse, Orpheus with Eurydice – is among the most magical conceits that Balanchine (the last Romantic) ever made. It is danced with finesse, lightness and no false solemnity – which is to say, very well indeed – by Durante and Sansom.

About Ashley Page's new Ebony Concerto I report that the London Jazz Ensemble is placed at the back of a smokey stage, and that Benazir Hussein and Jonathan Cope, Nicola Roberts and William Trevitt are dressed in variously unbecoming black outfits from Antony McDonald. (The lovely Miss Roberts is made to look deformed.) Duets ensue in Page's *get-tough academic manner, with the* music as mood-setting. It is agreeable enough in a rather predictable way, though I suspect the music says more than Page has decided to let us hear.

The revival of *Petrushka* is uncredited as a staging, and looks as if someone had drawn over a previous production with tracing paper and transferred this rather perfunctorily on to its present cast. The Royal Ballet used to dance *Petrushka* well, and Birmingham Royal Ballet had an excellent version mounted by John Auld, with David Bintley *one of the* finest Petrushkas I have ever seen. What we now have is the ground plan *of a revival*. The Butterweek fair, with its dirt and bustle and those tiny incidents that Fokine and Benois made so real, is *sanitised. (The fairs were* eventually prohibited by Tsarist authority because of the crowd's drunkenness. Maybe the Opera House should provide slugs of vodka for its cast.) The text looks adequate but unfocussed. The final moments, oddly lit and without snow on Wednesday, with Irek Mukhamedov's Petrushka on the roof of the booth semaphoring for help with the role, was a huge disappointment. What needs urgently to be done is to involve dancers who knew the old Ballets Russes stagings *– and, perish the thought, who* worked with Fokine – to bring the ballet to life. It is too important to be left to the dutiful mercies of notators and repetiteurs.

Mukhamedov's Petrushka is untouching. His face is too expressive, not enough like a potato with dreams; his muscular responses too alert for limbs that are mere straw. This Petrushka has too much soul. Gary Avis has the makings of a fine Moor; Lesley Collier is admirable as the ballerina. But why is the puppet-master *– usually called Charlatan or Show*man – referred to in the programme as a Conjuror? It seems symptomatic *of a revival not well enough considered*. Musically the evening is splendid, with the orchestra very fine under Barry Wordsworth.

Stravinsky staged is in repertory at Covent Garden

INTERNATIONAL ARTS GUIDE

■ BERLIN

GALLERIES

Neue Nationalgalerie Tel: (030) 2662653

● George Grosz, *Berlin-New York*: exhibition of the German Dadaist who emigrated to the US; to Apr 17

OPERA/BALLET

Deutsche Oper Tel: (030) 34384-01

● *Aida*: by Verdi. Conductor Stefan Soltesz, production by Götz Friedrich; 7pm; Apr 14

● L'Italiana in Algeri: by Rossini. Conducted by Ion Marin/Carlo Rizzi, *produced* by Jérôme Savary; 7.30pm; Apr 12

● Magic Flute: by Mozart. Conducted by Lawrence Foster/ Sebastian Lang-Lessing/Stefan Soltesz and produced by Günter Krämer; 7pm; Apr 16

● Martha oder Der Markt zu Richmond: by Friedrich von Flowtow. Premiere conducted by Sebastian Lang-Lessing and produced by Winfried Bauernfeind; 7pm; Apr 17

● *Onegin: music* by Tchaikovsky. Premiere at this venue, choreographed by John Cranko, produced by Reid Anderson and Jane Bourne; 7.30pm; Apr 11, 15

Staatsoper unter den Linden Tel: (030) 200 4762

● Der Rosenkavalier: by Strauss. *Nicolas Brieger directs this new* production. The sets are designed by Raimund Bauer and Donald Runnicles conducts; 6.30pm; Apr 13

■ LONDON

CONCERTS

Barbican Tel: (0171) 638 8891

● City of London Sinfonia: with *soloists* Rosa Mannion, Sally Burgess, Matthew Best and the Holst Singers. Harry Christophers conducts Bach's "*Magnificat*" and Mozart's "Requiem"; 7.30pm; Apr 16

● Royal Philharmonic Orchestra: with soprano Christine Brewer. Jane Glover conducts Schoenberg, Strauss and Mozart; 7.30pm; Apr 13

● Yo-Yo Ma: cellist with the London Symphony Orchestra. Sir Colin Davis conducts *Tippett and* Elgar while Leon Kirchner conducts the UK premiere of his own "Music for Cello and Orchestra"; 7.30pm; Apr 12

Royal Festival Hall Tel: (0171) 928 8800

● Bach: St. Matthew Passion: with the Bach Choir and the English Chamber Orchestra. Sir David Willcocks conducts; 7.45pm; Apr 11,

● London Choral Society: Jane Glover conducts Handel's "Messiah"; 6pm; Apr 14

● Piano, Orchestra and Band: Martyn Brabbins conducts the Michael Nyman Band, The Philharmonia Orchestra and pianist Kathryn Stott plays Nyman's "The Piano Concerto" and the UK's premiere of "MGV-Musique Grande Vitesse"; 7.30pm; Apr 13

GALLERIES

Royal Festival Hall Tel: (0171) 928 8800

● *After Auschwitz*: exhibition of paintings, sculpture and photography produced in response *to the Holocaust*; to Apr 17

Tate Tel: (0171) 887 8000

● British Sporting Art: this special *display* from the collection focuses on the flourishing of sporting and animal painting in Britain from around 1720 to 1850; from Apr 11 to Jul 2

OPERA/BALLET

English National Opera Tel: (0171) 632 8300

● Don Giovanni: a new production of Mozart's opera. House debuts for director Guy Joosten and conductor Markus Stenz; 7pm; Apr 11, 13, 15

Royal Opera House Tel: (0171) 304 4000

● Peter Grimes: by Britten. Directed by Elijah Moshinsky and conducted by Edward Downes; 7.30pm; Apr 11

● The Prince of the Pagodas: by Britten. A Royal Ballet production choreographed by Kenneth MacMillan opens a Benjamin Britten "mini festival" at the Royal Opera; 7.30pm; Apr 15 (7pm)

THEATRE

Cockpit *Tel: (0171) 402 5081*

● The Yiddish Trojan Women: by Carole Braverman, directed by Hettie Macdonald. Comedy involving four American Jewish women; 8pm; *to Apr 23 (Not Sun)*

■ NEW YORK

CONCERTS

Avery Fisher Tel: (212) 875 5030

● New York Philharmonic: with pianist Mitsuko Uchida. Kurt Masur conducts Beethoven's "Piano Concerto No.2" and Shostakovich's "Symphony No.5"; 8pm; Apr 11 (7.30pm)

● New York Philharmonic: Kurt Masur conducts Weber, Schumann, Williams and Prokofiev; 8pm; Apr 12, 13, 14 *(11am)*

Carnegie Hall Tel: (212) 247 7800

● Alfred Brendel: an all-Beethoven programme *by the pianist; 8pm; Apr* 17

OPERA/BALLET

Metropolitan Tel: (212) 362 6000

● La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Apr 11 (8.30pm)

● Parsifal: by Wagner. Produced by Otto Schenk, conducted by James Levine; 6.45pm; Apr 14

● Pelléas et Mélisande: by *Debussy. A new production by* Jonathan Miller. Conducted by James Levine; 8pm; Apr 13 (1.30pm)

● The Ghosts of Versailles: by Corigliano. Produced by Colin *Graham*, conducted by James Levine; 8pm; Apr 12, 15

New York City Opera Tel: (212) 307 4100

● Harvey Milk: music by Stewart Wallace, libretto by Michael Korie. A new production conducted by Christopher Keene and produced by *Christopher Alden, a story about gay* activism, dirty politics, murder and street riots; 8pm; Apr 13

● La Bohème: by Puccini. Conducted by Christopher Keene *and produced by Cynthia Auerbach*; 8pm; Apr 14

● La Traviata: by Verdi. A new production conducted by Yves Abel and directed by Renata Scotto. Soloists include Janice Hall/Oksana Krovytska and Stephen Mark Brown/ Richard Drews; 8pm; Apr 16 (1.30pm)

● Lucia di Lammermoor: by Donizetti. Conducted by Christopher Keene and produced by Tito Capobianco; 8pm; Apr 12, 15 (1.30pm)

■ PARIS

CONCERTS

Champs Elysées Tel: (1) 49 52 50 50

● *Philharmonic Orchestra of St.* Petersburg: with violinist Shlomo Mintz. Youri Temirkanov conducts Prokofiev; 8.30pm; Apr 11

● Philharmonic Orchestra of St. Petersburg: with violinist Martha Argerich. Youri Temirkanov conducts Prokofiev; 8.30pm; Apr 12

● *Philharmonic Orchestra of St.* Petersburg: with mezzo-soprano Eugénie Gorokhoskaya and the London Symphony Chorus. Youri Temirkanov conducts Prokofiev; 8.30pm; Apr 13

GALLERIES

Galerie Schmit Tel: (1) 42 60 36 36

● *From Delacroix to Matisse*: exhibition including the works of Picasso and Degas; to Apr 13

OPERA/BALLET

Opéra National de Paris, Bastille Tel: (1) 47 42 57 50

● Lucia di Lammermoor: by Donizetti. A new production by Andrei Serban. Maurizio Benini and Roberto Abbado (from April) conduct the orchestra and chorus of the Paris National Opera; 7.30pm; Apr 11, 14, 16 (3pm)

THEATRE

Petit Odéon Tel: (1) 44 412 36 36

● Cat and Mouse (Sheep): written and directed by Gregory Motton, a satirical look at present-day England. The first in a season *of plays in English; 6.30pm;* to Apr 23

■ WASHINGTON

CONCERTS

Kennedy Center Tel: (202) 467 4600

● *National Symphony Orchestra:* with conductor/violinist Iona Brown plays Strauss, Haydn, Vaughan Williams and Mozart; 8.30pm; Apr 13, 14 (1.30pm), 15

GALLERIES

National Museum of Women in the Arts Tel: (202) 783 5000

● Sogonisba Anguissola (1532-1625): a renaissance woman. Premiere showing in the US of 24 works that includes intimate *family portraits exemplifying the* times in which she lived; to Jun 25

THEATRE

Roundhouse Theater Tel: (301) 933 1644

● Escape from Happiness: by George F. Walker, directed by Daniel DeRaey; 8pm; to Apr 16 (not Mon)

Studio Theater Tel: (202) 332 3300

● Rhinoceros: by Ionesco. Joy Zinoman directs the Absurdist's comedy warning of the dangers of conformity; 8pm; to Apr 16 (not Mon)

Washington Shakespeare Company Tel: (703) 418 4808

● A Streetcar Named Desire: by Tennessee Williams. Christopher Henly directs; 8pm; to Apr 15

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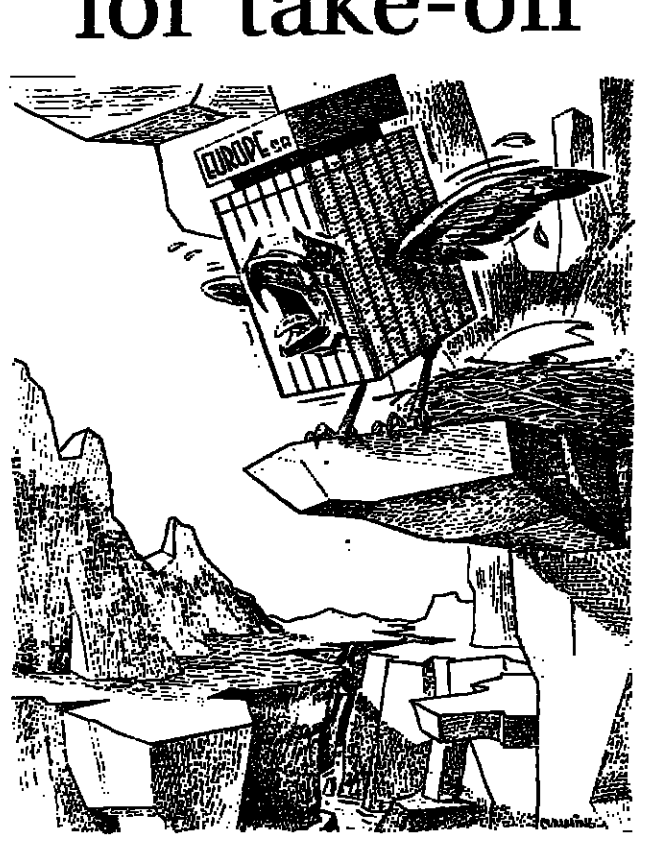
Help needed for take-off



French business used to be criticised for being too close to the machinery of state. That was supposed to be why its top managers stayed clear of important political debates, closed their eyes to what was happening in other countries and clung to a management model based on the stereotyped arrogance of the *grandes écoles*.

Today that picture has changed considerably. French business has been transformed over the past decade or so. Its leaders are determined to speak out to promote the construction of Europe and maximise the benefits it can bring. Completing the drive to European integration is the key to increasing France's competitive prowess.

At the same time, French managers want the state to focus on its proper responsibilities. The state's role is to establish a sound legal and financial framework for business and to lay down the rules of competition, rather than to manage every detail.

European companies will have to learn to live with more violent economic fluctuations than in the past. A return to growth will not solve all Europe's difficulties. There is no choice but to accelerate deregulation and the abolition of monopolies in vital areas of infrastructure such as energy, transport and telecommunications.

Europe will also have to implement more effective management of its economy. For how much longer can Europe's nation states refuse to coordinate their monetary, budgetary and wages policies? The liberalisation of world financial markets represents a compelling reason to take such action.

In this battle to improve Europe's competitiveness and economic performance, the central themes of the Maastricht treaty – in spite of its obscure wording, which made it a marketing disaster – are of great importance. Five interrelated points stand out.

First, Europe needs a political leadership capable of taking rapid decisions to complete the single market, particularly in areas such as telecommunications that have been protected up to now. This will be a crucial factor in determining the EU's future prosperity.

Second, the EU has to improve and simplify decision-making procedures, allowing it to fulfil its responsibilities to help bring political and economic stability in eastern Europe, Africa and elsewhere.

Third, the EU needs to develop a foreign policy giving it the ability to speak with a single voice to Japan or the US. The EU must be able to negotiate as one body on issues such as nuclear safety, telecommunications standards, the rules of world trade, the protection of investment, taxation, legal safeguards and respect for intellectual property.

Fourth, a single currency is critical because it will simplify industrialists' operations and raise their profitability. The cost of changing money alone amounts to Ecu15bn ($11.3bn) a year – a particular burden on smaller companies.

Fifth, the EU needs close association with the countries of central and eastern Europe, developing into full integration. We must help these countries create and preserve the benefits of a democratic free-market system, and we must also build them into our markets of the future. At the same time, I fully support the customs union with Turkey, which will lead later to an improved form of integration.

Europe is no longer a vague dream, nor a field for ideological dispute. It is an economic and political space which needs to be organised in a practical fashion so that it can play its role in the world.

France's forthcoming presidential election may have appeared to divert French attention from Europe. But in reality the campaign has had a salutary effect on the country's thinking towards the EU, particularly in view of the more activist ideas on Europe emanating from the camp of Mr Jacques Chirac, the Gaullist mayor of Paris.

Where their own livelihoods are concerned, French voters are demonstrating their anxiety and, in some cases, despair about the future. The reason is the long-term unemployment crisis: unemployment is weighing down economic and social life in France and Europe. It depresses demand, adds to public spending and ends by dividing society – all problems of direct concern to business.

People excluded from work and society are left to survive on their own. One in four young people in France (apart from those still in education) is now out of work, and 30 per cent of the unemployed are classified as long-term unemployed, including many demoralised ex-managers with no hope of finding work at their old level.

What can be done? The EU must commit itself to education and training policies designed to give every young person a wider range of possible employment. But France and the EU need to mount a crusade to price people into work. Social charges on employers must be reduced as quickly as possible to reverse the rising cost of labour during the past 20 years, especially for unskilled work.

More flexibility must be introduced into employment regulations. Companies must be free to negotiate wage levels and working hours freely and independently, if necessary with exemption from national regulations. Future new jobs will be concentrated on the service sector, but these jobs will not be created if the EU maintains rigid labour rules.

To adapt to worldwide competition we will have to accept a range of earnings wider than we have today. The US has long shown the way. It is not a coincidence that net job creation in the US has averaged 2 per cent a year since 1960, while in the Europe the figure has been only 0.3 per cent.

If the EU wants to return to economic growth and employment, hard choices are required. Europe will be able to hold a central place in the world economy only if it adjusts to the revolutionary changes of the past few years. If it stumbles into the next century with the rules and attitudes of the last, Europe will be doomed.

The author is chairman of Lyonnaise des Eaux and of the European Round Table of Industrialists

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

At odds with the economic 'scientists'

From Mr Jude T. Wanniski.

Sir, Lord Desai rests his defence of abstract econometric models on the fact that their chief practitioners have enormous influence on global policymakers (Letters, April 4). He mentions several, such as Lawrence Summers, Jeffrey Sachs, Rudiger Dornbusch and Stanley Fischer in the US. Alas, each of these "economic scientists" may have extraordinarily high IQs, but because the assumptions that undergird their elegant mathematical equations are erroneous, it only means they arrive at dangerous policy conclusions with lightning speed.

Drs Summers and Sachs are Harvard trained PhD econometricians. Sachs is the architect of "shock therapy" as a means of guiding Soviet communism to market capitalism. The economic wreckage he has left in his wake is the equivalent in political economy to nuclear war. Summers was chief economist at the World Bank where he assisted Sachs in the design of the scheme that destroyed the Gorbachev régime in Russia and brought Boris Yeltsin to the brink of ruin.

Summers was rewarded for his excellent work by being named undersecretary of Treasury for international affairs. There, he assisted Drs Dornbusch and Fischer, both PhD economists from the Massachusetts Institute of Technology, in the recent, similar destruction of the Mexican economy.

Dornbusch, a currency devaluationist, had been urging Mexico for several years to debauch the peso, without success. His opportunity came with the departure of President Salinas and the inauguration last year of Ernesto Zedillo, who was trained in the merits of currency debauchery at Yale. Dr Summers' staff at the Treasury urged the peso devaluation on Zedillo.

So did Dr Fischer, now the chief economist at the International Monetary Fund, who began undermining the peso last summer and who was among the first to pronounce the December 21 devaluation a great success.

Needless to say, I agree completely with Robert Chote's critical appraisal of economics as a mathematical science ("Decay of the dismal science", March 28). In the hands of the neo-Keynesians who celebrate soft money, the computer has made these men the most dangerous on the planet in the post-Cold War world.

Jude T. Wanniski,
president,
Polyconomics,
86 Maple Avenue,
Morristown,
New Jersey 07960, US

Agriculture burden

From Mr Detlev Samland MEP and Mr Terry Wynn MEP.

Sir, With reference to your headline "Bonn pushes EU budget reform" (April 6), it is true that Germany is seeking, understandably, a budgetary "rebalancing". It is also true that in the light of EU expansion to the east, reform of the EU's financing system is becoming urgent. However, in our view it is not simply a question of who puts how much money into the EU pot; it is a question of what we spend it on.

We are still facing a huge agricultural bill. If we can bring this under control, the burden on Germany could be considerably eased: but of course Germany is one of the most firm supporters of the existing Common Agricultural Policy. Moreover, if we extend the CAP to the applicant countries, we might be looking at a doubling of the EU's agricultural budget.

The trouble is that the German government does not have the political will to see major change in the CAP. If it did, then it could play a crucial role in the Council of Ministers to reduce farm spending.

Detlev Samland,
chairman,
European Parliament Budget Committee,
Terry Wynn,
Socialist spokesman for the budget,
European Parliament,
rue Belliard 97-113,
Brussels, Belgium

Confronting a climate of exaggeration about pressures on the environment

From Mr Wilfred Beckerman.

Sir, In his criticism of Bronwen Maddox's article "Retreat of the greens" (April 4), Stephen Tindale asks (Letters, April 8) "why should we dismiss the science of climatology because it cannot predict the rate of warming next century?" But Maddox nowhere suggested that the science of climatology should be dismissed. Nor had I in my book, *Small is Stupid*, which was what her article was largely about.

What should be dismissed is the exaggerated reaction of green pressure groups, which are clamouring for more drastic immediate action than is warranted, given the present uncertainties as to the science of climate change and its economic effects.

It is true that there is some scope for reductions in energy use and in carbon emissions that will have no real costs and may even bring other benefits, insofar as governments can be induced to stop subsidising carbon intensive activities and the destruction of rainforests. But this is all very small beer by comparison with the measures that would have to be adopted if action were to be taken now to forestall the gloomier predictions of climate change.

Maddox's claim that "the costs of taking steps to reduce the threat are high" presumably referred to the latter. In other words, the sort of measures agreed to in Berlin – including holding constant the UK's relatively puny contribution to global carbon emissions – are neither here nor there. They are dwarfed by the likely increases in emissions from China, India and other third world countries.

Taking steps now to stabilise global emissions, let alone reduce them by the amounts that the green movements are asking for, would entail astronomic costs and widespread economic and social dislocation. This is certain, not speculation.

The message of my book was that we have time to think, to wait for more results from the enormous amount of research being undertaken into climate change and its effects, to promote research into alternatives forms of energy, and to initiate sensible discussions about the sort of international mechanism that would be needed to bring about a least-cost reduction in carbon emissions, instead of draconian quantitative regulations that the greens are constantly urging on us.

Wilfred Beckerman,
Balliol College,
Oxford OX1 3BJ

From Mr Fredric M Steinberg.

Sir, Dr Jorg Schimmelpfennig (Letters, April 3) accuses the Financial Times of arrogance in dismissing the clarion call of the environmentalists' claim of impending disaster. How arch his position is vis a vis the limited facts known about the earth's climate.

Yes, the temperature has risen about 0.5 deg C this century, most of it before 1940. Yes, atmospheric carbon has risen substantially this century, about 80 ppm or some 30 per cent from a base of 270 ppm. About 75 per cent of this rise, however, occurred since 1940, weakening the theory linking CO_2 to warming, if one believes that the carbon rise precedes the temperature rise.

The elevated levels of atmospheric carbon have spawned an increase in plant life on the planet which supports a concomitant increase in animal life. The longevity and standard of living among humans in the industrialised nations surpasses that of the less wealthy nations, and I salute the latter in their efforts to emulate the former.

There are tremendous forces of nature, solar in origin, constantly at work in the environment that dwarf the efforts of humans, puny by comparison. While atmospheric carbon is now on the rise, in centuries past it was twice the level it is now. And the dinosaurs thrived in a warm global environment *sans* the benefit of a single manmade smokestack.

Fredric M Steinberg,
705 North Crossing Way,
Atlanta,
Georgia 30033-4157, US

From Dr Ralph Bürk.

Sir, Although I feel it does not make much sense to comment on the "green-bashing" attitude which is apparent in almost all of Bronwen Maddox's articles I think that at least she should get her figures right ("Retreat of the greens").

In this article she writes: "The German greens. . .have suffered defeats in successive national and European elections in recent years."

Here are the facts: European election, 1989 (8.4 per cent), 1994 (10.4 per cent), 12 of 99 German seats of the European parliament. National election, 1989 (3.8 per cent), 1994 (7.3 per cent), 49 of 672 seats of the Bundestag.

In the most recent state election in Hesse we polled 11.2 per cent and we continue the coalition government with the social democrats.

Ralph Bürk,
parliamentary consultant,
The Greens in the state parliament of Baden-Würtemberg,
Haus des Landtags,
D-70173 Stuttgart,
Germany

Wrong view of Brazil

From Mr J. Anthony Clare.

Sir, Our attention has been drawn to Edgardo Buscaglia's article (Business and the law, March 21), the gist of which is summarised by the sub-title "Bribes and pay-offs to court officials are a big proportion of the costs to business of pursuing grievances".

This firm is the largest firm of lawyers in Brazil and has been practising in all aspects of commercial and international law for more than 50 years. We apply to our work in the courts and elsewhere exactly the same standards of propriety and honesty which you would expect from any large law firm practising in any significant financial centre in the world. We are confident that our reputation in this respect will be endorsed by any leading firm of solicitors or accountants to whom you may care to refer.

Mr Buscaglia's allegation that corruption is rife in Brazil's judiciary is simply wrong. This firm has never engaged in any corrupt practice in all its years of representing clients in courts all over Brazil and we are not aware that any of our clients have ever suffered adversely because of this. In this respect we are not alone and comparable standards apply generally across the profession as a whole.

J. Anthony Clare,
Pinheiro Neto,
76 Shoe Lane,
London EC4A 3JB, UK

EBRD in Warsaw

From Mr Michael Roskelly.

Sir, Your article, "Bureaucracy curbs development" (March 28) quotes me out of context with regard to the European Bank for Reconstruction and Development financing conditions for the Skanska office project in Warsaw.

To my knowledge financing discussions for phase two of the scheme are only beginning, so to state that EBRD "is insisting on an 80 per cent prelet before going ahead with phase two of the scheme" is very likely inaccurate and largely inconsistent with my understanding of the bank's guidelines in the property sector. It also presumes that the bank has committed to participate in phase two, which has certainly not been announced at this time.

EBRD did lead the financing for the first phase, which has proved one of the most successful office developments in Poland and underlines the important role EBRD performs in the Warsaw property market, as well as others in central and eastern Europe.

Michael Roskelly,
Gerald Eve International,
Wilcza 46,
00-679 Warsaw, Poland

Wage costs

From Mr A.G.K. Hart.

Sir, Samuel Brittan asks the question "why does it not pay businesses to expand capacity to take advantage of abundant surplus labour" (Economic Viewpoint, April 6).

What would happen if businesses could start at a zero wage cost, because society had refunded the *de facto* minimum wage? Would this encourage businesses to create thousands of new jobs of a low-skilled nature, requiring hardly any capital investment?

A.G.K. Hart,
5 West Lane,
Cuddington,
Cheshire CW8 2QG, UK

Rescue put gurgle back in economic machine

From Mr Howard Glennerster.

Sir, Robert Chote's article, "Miracle of the liquid economy" (April 1/2), on the Phillips Machine [a hydraulic model in which coloured water mimicked the circulation of money round the economy, showing how growth, trade, taxes and interest rates were interrelated] was perceptive and timely. It did not, though, explain how the machine came to be rescued from the basement cupboard at the London School of Economics and to enjoy another period of activity in the early 1990s before being donated by the LSE to the Science Museum earlier this year.

It was a fortuitous meeting at the LSE in 1988 between A.B. Atkinson, Bill Phillips' successor as Tooke Professor of Economics, visiting professor William Brainard from Yale (home of Irving Fisher's turn-of-the-century hydro-economic model), and Nick Sarr, another LSE economist, that led to a successful approach to the Suntory-Toyota International Centre for Economics and Related Disciplines for funding to restore one of the two LSE models. (The second had been constructed at about the same time.)

In 1989 the restored and unique Phillips Machine was unveiled and thereafter gurgled away in front of fascinated economics students of all ages. The second LSE machine was rebuilt in 1991. Before it left London to be presented to the New Zealand Institute of Economic Research the two machines were linked to illustrate the working of the international economy, replicating the 1950s demonstrations of Professor James Meade. This occurred at the Suntory-Toyota Centre, attended by professors Meade and Walter Newlyn, and many of Phillips' students. We are now delighted that many new generations and a wider public will be able to see this remarkable invention.

Howard Glennerster,
chairman,
Suntory-Toyota International Centre for Economics and Related Disciplines,
London School of Economics,
Houghton Street
London WC2A 2AE, UK

Two towers at Harvard

From Mr John S. Gardner.

Sir, Both have a tower, but the picture purportedly of Harvard Business School (illustrating "Re-engineering for business schools", April 7) is actually of Lowell House, one of the undergraduate dormitories. While undergraduate business and economics education in the US probably needs a rethink as well, I am sure that the Harvard Business School is quite happy remaining on its side of the Charles River!

John S. Gardner,
member of the senior common room, Lowell House,
Harvard University,
1600 Massachusetts Ave,
#808 Cambridge,
MA 02138, US

FINANCIAL TIMES

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Tuesday April 11 1995

The EBRD looks ahead

It is a tribute to Mr Jacques de Larosière's two years as president of the European Bank for Reconstruction and Development that delegates to this year's annual meeting in London are talking about expanding the bank, not shutting it down. The most damaging legacy of the brouhaha preceding Mr de Larosière's appointment was that public discussion of the EBRD was focused more on the style of its activities, than on the substance.

The extensive cost-cutting and reorganisation measures implemented by Mr de Larosière – ably supported by his deputy, Mr Ron Freeman – have finally enabled the debate to move on. General administrative expenses, which fell 1 per cent last year, remain on the high side. But they are no longer so much above those of comparable institutions. Gone, too, are the bank's most egregious structural flaws, such as the split between development and merchant banking, which are now run as a single division under Mr Freeman.

Thanks, in part, to these changes, the bank is at last living up to its remit, investing in private and public-sector projects in the 25 countries of eastern Europe and the former Soviet Union. The bank's signed loan and equity investment portfolio rose 74 per cent last year, to Ecu1.88bn, while the value of net disbursements increased 43 per cent to Ecu591m.

Having successfully reformed the image of the bank, Mr de Larosière felt able at the weekend to take initial soundings from shareholders on the subject of further funding. On present trends, the bank's original Ecu10bn (£8.8bn) in start-up capital and reserves will more or less run out in 1997. There will be no final decision on a capital increase until next year's annual meeting scheduled for Sofia, Bulgaria. But this year's meeting allowed an early rehearsal of the arguments.

One does not need to be sceptical about the true extent of the bank's transformation to wonder whether a further injection would be well spent. The EBRD's activities may now be more tightly focused, but one can still ask whether it is really fulfilling a need which neither private sector investors, nor other public development institutions – such as the International Finance Corporation – can meet.

It is possible for now to answer that question in the affirmative. The bank has played a catalytic role in encouraging investors to go where they would not otherwise have gone – for example, the more unstable central Asian republics. At the same time, the EBRD's project managers now seem more flexible than their IFC or World Bank counterparts.

The bank is no longer wasting its shareholders' money. Indeed, its activities now make a positive contribution to the transition to capitalism in eastern Europe. It is not yet obvious that this contribution is large enough to merit a further injection of scarce aid funds. But Mr Larosière's reforms have at least given the bank a fighting chance.

Fatal attraction

Nightmare in Hollywood, Part III. That might be the working title as Seagram wrestles with its $5.7bn (£3.56bn) purchase of 80 per cent of MCA, the Hollywood film studio. Although Matsushita, the Japanese electronics group, retains a minority stake, the deal formally marks its disillusionment with the pursuit of Tinseltown profits. Its rival Sony has not fared much better with its 1989 acquisition of the Columbia and TriStar studios.

There are two sorts of messages to be taken from these episodes: about investment in the movie business, and about Japanese investment in the US. Hollywood's lure is understandable: up to a point. The industry often appears to be loosely run, offering quick returns for companies with a lean management style. Hollywood's success in exporting its products worldwide also suggests that companies' perpetual quest for truly global products need go no further. In addition, it appears to be a "sunk-cost" business; once production costs have been covered, additional revenue from sales to other countries, or to new channels and video distributors, should flow quickly to the bottom line.

This reasoning is not completely misguided. While no formula has been divined to make it easier to design hits, shrewd management may be able to improve a studio's profits by tightening cost controls. MCA's swollen budget for *Waterworld*, its latest film, which may eventually cost more than $150m, is typical of the way that studios consume money fast.

Nonetheless, the expected returns have proved elusive. The importance of famous actors to a film's international success means they can demand a hefty share of incremental revenues. Synergies have not emerged; the recent industry tussle to set technical standards for video-discs suggests that ownership of programming does not clinch the hardware battle as Sony had once hoped.

More generally, the episodes ram home the point that takeovers are always difficult, particularly in a foreign country. The Federal Reserve Bank of New York commented last autumn that US acquisitions by foreign companies in the late 1970s and 1980s have performed dismally. It observed that foreign groups tend to buy companies which are less profitable than the average, and to pay top dollar. That is partly because the Tokyo stock exchange, in particular, put higher values on earnings during much of that period than did the New York Stock Exchange, helping Japanese companies to outbid US ones.

There are, though, two qualifications to that gloom. Direct foreign investment in greenfield operations such as car manufacturing continues to do well. Moreover, Hollywood aside, this is not a bad point at which to be investing in the US, given the encouraging outlook for earnings and the dollar's decline. Some investors may be deterred by past disappointments, but more are likely to venture in.

Green money

Farm ministers met in Luxembourg yesterday to discuss changes to the EU's arcane system for translating common farm prices and subsidies into national currencies. But the proposals before them seem likely to make the system worse, not better. That may not be the view of Europe's farmers, who benefit from an artificial exchange rate system that inflates their incomes. But consumers, taxpayers and commercial buyers of commodities have every reason to feel frustrated.

The green exchange rate mechanism is intended to shelter farmers from the volatility of open currency markets. This is an anachronism at a time when farmers subject to market disciplines are outperforming protected producers around the world. The system is also biased: it protects farmers in countries where strengthening currencies threaten to erode the value of their Ecu payments. Under new rules implemented two months ago, the system is weighted against green currency revaluations, while encouraging devaluations that raise farm incomes.

What this means to consumers and food processors is a ratchet effect on prices. Since the new rules came into force, green rates have only been devalued, pushing up food support prices in local currency. Possible revaluations have been postponed. Even if a green currency is revalued, the taxpayer will be expected to foot the bill with substantial compensation payments to European farmers.

The ideal solution would be to scrap the system. There is no obvious reason why farmers should enjoy special protection from the vicissitudes of exchange rates. Unfortunately, this option was not on yesterday's agenda. Instead, Germany – with its large farming constituency and strong currency – proposed postponing any revaluation until July. Another proposal suggested that the Commission pay more in compensation to farmers for any revaluation. Both would have the net effect of adding to an already over-burdened EU farm budget.

If abolition is not feasible, farm ministers and the Commission should still aim to redress the imbalances in the green currency regime. It would be more equitable, for example, to pay farmers in Ecus and require them to assume the risk of currency conversion. At the very least ministers should rework the system to make revaluations as likely as devaluations.

Such reform could be easier than some ministers may fear. Farmers are only marginally more interested in green rates than the average EU citizen. Annual and biannual direct payments, which do not reflect green rate changes, are their primary concern. If a single European currency is created, of course, the agrimonetary system will become superfluous. But as central bank governors reminded us last weekend, that is scarcely an imminent prospect. In the meantime, the green rate system needs attention.

Hangover risk in Hollywood

The Canadian drinks group's purchase of MCA has left shareholders bewildered, says Tony Jackson

From almost any angle, it seems a bizarre cocktail. On the one hand, orange juice, ginger ale and whisky: on the other, rock bands, film stars and the glamour of Tinseltown.

The Canadian drinks group Seagram, which at the weekend paid $5.7bn (£3.56bn) for control of MCA, the Hollywood studio, has a lot of explaining to do: not least to its bewildered shareholders, who have seen their stock lose almost a fifth of its value in a week. Seagram's controlling Bronfman family always seemed solid if uninspiring managers. They now seem to be allowing Mr Edgar Bronfman Jr, the 39-year old president and chief executive, to indulge his passion for the movies.

Mr Bronfman is unrepentant. MCA, he said on Sunday night, is "one of the best baskets of assets in the entertainment industry". Its recent films include *Jurassic Park*; it has the rights to more than 150,000 songs; it produces television programmes such as the whodunnit series *Murder She Wrote*; and it publishes best-selling authors.

In the space of 72 hours, Mr Bronfman said, Seagram had been transformed. This was how long it had taken to clinch the sale by Seagram of 23 per cent of the chemicals giant Du Pont, for $7.7bn net, and sign the purchase of 80 per cent of MCA from its Japanese parent Matsushita. The Du Pont sale, said Mr Bronfman, had been under discussion for a year, the MCA purchase for only a month. The net effect, though, was to give Seagram control of its own destiny.

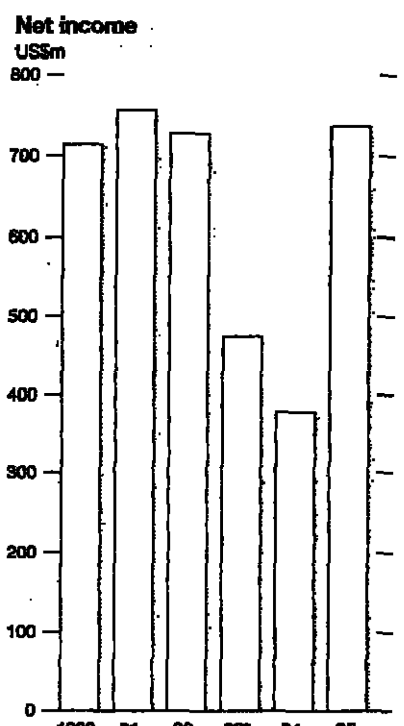
The combination of the two businesses would be "an extraordinary investment over the longer term for Seagram's shareholders". The shorter term could be another matter. At 15 times cash flow, the price paid by Mr Bronfman for MCA is steep; and its current films, such as the forthcoming *Waterworld*, are better known for their cost than their box office promise.

In swapping Du Pont for MCA, Mr Bronfman is trading a high-yielding asset for a low-yielding one. He is also buying a large chunk of goodwill, which by US accounting rules must be amortised against profits. As a result, some analysts estimate, Seagram's earnings this year could be cut in half.

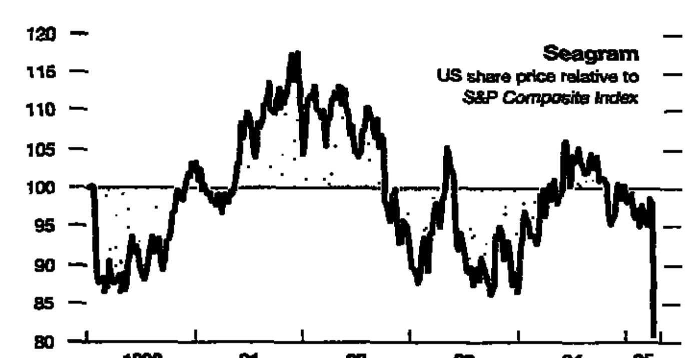
To make up for that, Mr Bronfman plainly reckons to get more out of MCA than Matsushita did. But what makes drinks and entertainment fit together? Where, in short, is the synergy?

"I'm not a great fan of the S-word," Mr Bronfman says. "But we are an international company, and we're a consumer products company. We know international markets as well as any consumer company in the world. We're going to exploit MCA's brand names throughout the world."

Seagram: whisky and water



Waterworld, MCA's forthcoming film starring Kevin Costner



While this ambition is not to be sneezed at, it has no bearing on MCA's immediate problem. Matsushita's ownership of the company came to grief over the inability of the Japanese to work harmoniously with MCA's top managers, in particular its chairman Mr Lew Wasserman and president Mr Sidney Sheinberg.

On Sunday night, Mr Bronfman said talking to these two men was his first priority. "They know this company better than anyone, and I'm looking forward to sitting down with them and shaping the future of MCA," he said.

Crucially, however, he had no opportunity to talk to them before doing the deal. This was because, he explained, the talks initiated with Matsushita a month ago had been covered by a strict confidentiality agreement.

Mr Bronfman will now be thrown into the turbulent world of Hollywood politics. Besides Messrs Wasserman and Sheinberg, this takes in a cast of characters ranging from Mr Michael Ovitz, the Hollywood agent who is a friend of Mr Bronfman but who acted for Matsushita in the deal, to the director Stephen Spielberg, who made *Jurassic Park* and *Schindler's List* for MCA but is now setting up his own studio.

Mr Spielberg's associates in his new venture, *Dreamworks*, are Mr David Geffen, who sold his record company to MCA five years ago for $545m, and Mr Jeffrey Katzenberg, former production chief at Disney. These are people whose co-operation would be valuable to Mr Bronfman. "Dave Geffen is a good friend of mine," he says. "Jeff Katzenberg is a friend. I really hope the *Dreamworks* people will want to stay with MCA."

There is a worrying sense here of important issues yet to be addressed. The list does not end there. As the result of an earlier foray into the entertainment world, Seagram owns a 15 per cent stake in the media company Time Warner, owner of a rival film studio, Warner Brothers, and a competing music business.

The stake is currently worth a little over $2bn. As Mr Bronfman candidly confesses, he has not yet had time to decide what to do with it. Since Seagram has no representation on Time Warner's board, it is unlikely that there will be regulatory issues. Equally, though, there seems little point in Seagram's holding on.

Mr Bronfman seems to agree. Seagram, he says, will consider "whether keeping that passive stake is in the interests of shareholders". Meanwhile, he is proud that the two deals put Seagram in charge of its own operations.

But if the details have yet to be addressed, one can perhaps defend Seagram's broader actions as part of a coherent strategy. First, the Du Pont stake had assumed unhealthy proportions in relation to the managed part of the business; last year, the attributable slice of Du Pont's earnings made up 44 per cent of Seagram's total. Second, it seems undeniable that Seagram has chosen a good time to sell, close to the peak of the chemicals cycle.

Third, the world of international drinks is not the most attractive business to be in these days. The era of premium pricing, a practice that peaked in the late 1980s, is definitively over. Seagram's international rivals, such as Guinness and Grand Metropolitan, have suffered from squeezed profits and underperforming share prices. Seagram's operating profits from drinks last year, at $781m, were almost 20 per cent down on three years earlier.

Seagram's desire to realise its passive investment in Du Pont and to diversify away from drinks is therefore intelligible. The crucial question remains of whether the company can be relied upon to pick the right business to diversify into.

History suggests a disquieting answer. To a large extent, Seagram's past success has been the product of luck rather than strategy. Its acquisition in 1981 of almost a quarter of Du Pont, one of the world's best managed chemicals companies, might have seemed a strategic masterstroke. In fact, it came by default.

Originally, Seagram wanted to buy the oil company Conoco. It was then outbid by Du Pont, which had an industrial use for Conoco as a supplier of feedstock. Once the dust had cleared, Seagram was left with a stake in Du Pont in exchange for its Conoco holding.

Had the original deal gone through, it would have been a disaster for Seagram. It was timed at the top of the oil boom, after which the oil price collapsed and has never fully recovered.

Today, it is received wisdom in the communications industry that real value in the multimedia revolution lies with the providers of content: film studios, record companies and the like. This is largely because technological change has brought very rapid expansion in channels of distribution, and the providers of entertainment and other kinds of content are struggling to catch up.

One day supply will match demand, just as it did in the oil market. The central issue is one of timing: how long the providers of content will continue to hold the whip hand. But in paying a fancy price for MCA, Seagram may prove to have been unlucky second time round.

Danger of falling at the trade fence

PERSONAL VIEW

The world is in serious danger of missing an opportunity to liberalise global trade in financial services. In less than three months – on July 1 – a deadline for securing improved access for financial services companies to closed markets, particularly in south-east Asia and Latin America, is due to expire.

If by then these countries have not committed themselves to lowering or removing barriers impeding foreign banks, insurance companies and securities houses from doing business in their markets, the US will exercise its right, under World Trade Organisation rules, to take financial services out of its offer of so-called "most favoured nation" treatment to all other WTO members, leaving it under no obligation to keep its financial markets open.

Many WTO members will still have access to the US market on equal terms with domestic financial institutions. But institutions from countries that the US felt had not opened up their markets sufficiently would be excluded. They could be barred from expanding or entering new business areas.

Such countries include South Korea – whose markets the US is trying to open through bilateral negotiations, Singapore, Indonesia, Malaysia, Brazil and Argentina. The US reached a bilateral deal with Japan in January.

The implications of such a decision could extend far beyond those countries directly involved, however. If these countries are denied access, it would not take much for a powerful lobbying group to persuade the US government to add the names of other nations to the list of those excluded.

Under those circumstances, the risk that trade disputes involving other sectors might spill over into financial services would be much increased. The fact that all WTO members, including the European Union, have the right to adopt the same position as the US on or after July 1, if they are not happy with the results of the negotiations, only adds to that risk.

This situation has arisen because under the General Agreement for Trade in Services (Gats), concluded in December 1993, countries have to agree how much or how little they are prepared to liberalise their services industries at the outset. The initial offers made by some countries – for example Mexico – represented a step backwards from actual practice.

Furthermore, no firm timetable for phasing in greater liberalisation was agreed. This makes it difficult to apply pressure to remove remaining barriers effectively – which perhaps explains the stance the US is adopting.

Business needs to wake up and recognise there is a long-term principle at stake

True, WTO members are committed to beginning fresh liberalisation negotiations within five years. But there is no machinery in place to spur them towards progressive liberalisation: those who laid the WTO's table neglected to put out oyster-knives for prising services markets open.

If the US tactics work, the rewards could be high. But it is a high-risk strategy which could equally emasculate the value of the Gats for financial services for the foreseeable future.

Last month , the US restated its position formally, promising to open its financial services sectors to all WTO members as long as other countries improved their offers to open up their financial services markets.

What is needed in the run-up to the July deadline is a collective effort to maximise the chances of keeping financial services in the Gats.

This should involve the following:

- The US and the EU should get together to decide which countries they really do want to secure access to as a matter of priority. It should not be difficult to agree to focus efforts on a dozen or so countries where commitments to reduce barriers could bring the biggest benefits to US and EU financial services providers.
- The EU and its member governments should add their efforts to those of the US to convince countries which are offering inadequate access that it is in their interest to reduce barriers because it will help strengthen their services sectors through the spur of competition.
- The private sector must form an assessment of where its best interests lie and communicate its views more forcefully to governments. On the European side, including in Britain, business needs to wake up and recognise there is a long-term principle at stake that could affect its interests. It has been too inclined in the past to leave issues of this kind to national governments and the European Commission to sort out. Their hands would be greatly strengthened by a more robust input from industry.

If all this is done, we may yet avert a serious blow to the cause of liberalising world trade.

Brian Pearse

Sir Brian is chairman of British Invisibles

OBSERVER

For India read...

■ Conservative American politicians naturally deny they are isolationists but have the intermittent habit of getting things foreign very wrong. The latest spate makes Ronald Reagan's tendency to forget where he was when out of the country look positively benign.

Jesse Helms, for example, last week introduced Benazir Bhutto to the Senate as the prime minister of India – not once, but twice. With proper contrition, the chairman of the foreign relations committee ordered that his remarks be changed for the record.

Far more egg was on the face of Al D'Amato from New York. He went on the radio and used a Japanese accent in crudely mocking Lance Ito, judge in the OJ Simpson trial. It so happens that Ito is a third-generation American who speaks with not a trace of the orient in his voice. D'Amato's first apology was perfunctory at best but he took such hammer in the press and from Japanese-American groups that he had to go on the Senate floor and grovel for forgiveness.

Nor did Ben Gilman, chairman of the House international relations committee, display great tact in welcoming John Major to a meeting on the Hill last week. He asked the UK prime minister to sign a visitor's book and flipped through the pages to show how it was done. Unfortunately, he left it open at the page bearing the picture and signature of a certain Gerry Adams.

Double standard

■ Anyone who fears that the pressure to disclose UK directors' salaries might be getting out of hand can take heart from yesterday's annual report from the Royal Dutch Shell Group.

The report comes in two volumes, one for the Dutch half of the company and one for the British. The two are virtually identical but for the name on the front – and the section on directors' remuneration.

The UK volume contains over a page of detail on British directors' emoluments and share options, showing among other things that John Jennings, the chairman, got £564,000 and 150,000 options.

The Dutch volume contains a single note to the accounts reporting that remuneration for supervisory board members and managing directors totalled 7.7m guilders. Anyone wishing to know how much Cor Herkstroeter, the Dutch president, and his colleagues received will search in vain. Some British directors must wish it was still that easy.

Waiting game

■ Hugh Stevenson, the 52-year old chairman of Mercury Asset Management, has emerged as the dark-horse candidate in the race to take over from Sir David Scholey when he has finished sorting out S G Warburg.

It would not be the first time Stevenson, a courteous Scot, has been brought in as a compromise candidate. In 1992, it became clear that the appointment of either of the two internal heir-apparents to retiring MAM chairman Peter Stormonth Darling would have caused a dangerous rift in the business. Stevenson, then a managing director of Warburg's investment banking business, was asked to step in.

While he was initially regarded with suspicion, he has earned high marks for tackling some of MAM's most pressing problems. He has broadened the product range, halted a spate of highly public resignations and revitalised MAM's institutional business. But Stevenson's problem is that he is seen to have been just as closely identified with Warburg's aborted Morgan Stanley merger plan as the unlucky Lord Cairns, Sir David's chosen successor. This may well have scuppered Stevenson's chances of aspiring to the top job at Warburg.

EBRD chaos theory

■ The Russians do these things so much better than the Brits. Last year at St Petersburg the Russians refurbished ancient palaces, laid on special telecommunications and chose Catherine the Great's restored Tauride palace as the ample venue for all the plenary sessions of the EBRD annual conference. It was a great success.

This year's conference at London's Barbican centre, by contrast, is an organisational nightmare. Only two venues in London, are big enough for a meeting which has attracted over 4,000 bankers, borrowers and journalists from east and west. Unfortunately the Barbican centre with its UK-Stalinist style architecture and impossible signposting is one of them.

But the chaos at this year's meeting is also a product of a paranoia about security. EBRD president Jacques de Larosière was terrified that his conference would be infiltrated by Greenpeace activists protesting against EBRD support for Slovakia's controversial Mohovce nuclear power station.

He had seen them scattering counterfeit dollar bills at the World Bank's 50th anniversary in Madrid last year and did not want a repeat performance. The net result is that while Britain's John Major was inside praising the EBRD for its organisational skills, Russian finance minister Alexander Shokin, and others, were plotting how to break in to the plenary session from which they had been barred.

Breaking news

■ "Today is here at last" – Leader headline in a Florida newspaper.

The Financial Times

100 years ago

City of Buenos Ayres Tramways
The twenty-ninth ordinary general meeting of this company was held yesterday at Winchester House, Mr Benjamin Isaac presiding. The chairman said the expectation of a better result would have been strengthened if it could have been foreseen that the tramways would, as had been the case, have carried some 200,000 passengers more than in 1893, and also that the horse fodder would have cost somewhat less. The main and overwhelming cause of the disappointment was the advance in the gold premium. This meant that the gold value of their fare in 1893 was 2.60 cents and in 1894 2.61 cents.

50 years ago

Alfred Dunhill Ltd
Mr Alfred H. Dunhill, chairman, said at the twenty-second ordinary general meeting of the company yesterday: The continued progress shown by the results before you has been achieved without departure from the high standard long associated with your products. It is a source of satisfaction to your directors that a Dunhill pipe is still a Dunhill.

FINANCIAL TIMES
Tuesday April 11 1995

Commission calls on Madrid to soften stance in row with Canada

EU pressure on Spain over fish

By Lionel Barber in Luxembourg

Spain faced growing pressure yesterday to abandon its demands for a 50 per cent share of the fish catch off Newfoundland and settle its dispute with Canada.

A meeting of European Union foreign ministers in Luxembourg concluded that there was little possibility of an early deal unless Spain shifted its position.

Talks between the European Commission and Canadian officials will resume in Brussels today. The main question is how to divide this year's 27,000 tonnes total allowable catch of Greenland halibut between the EU and Canada.

Spain is resisting any attempt to reduce the EU's share of the allowable catch below 13,500 tonnes, which is already substantially lower than the 44,000 tonnes Spain caught last year.

However, Mr Jacques Santer, Commission president, and Mrs Emma Bonino, the fisheries commissioner, both suggested to Spain that a 50 per cent target for the EU was not realistic.

Mr Douglas Hurd, UK foreign secretary, seeking common ground between Canada and Spain, held bilateral talks yesterday with Mr Javier Solana, Spanish foreign minister, to explore Madrid's "bottom line".

Failure to negotiate an end to the dispute, he said, would lead to "bad-tempered anarchy" in the fishing grounds. "There has been progress ... the differences are not huge, but sufficient for it to be unwise to say that a deal is in the bag," he told a news conference.

The Commission is confident that it has won a Canadian commitment for an EU quota of at least 10,000 tonnes, with a further 1,000 to 2,500 tonnes to be secured through negotiations with other fishing nations, such as Japan or Russia, which have a quota in the area.

The working hypothesis in Brussels is that Spain might agree to a 40 per cent share of the total allowable catch, provided it achieved parity with Canada, two officials said.

But Spain has a huge task in persuading several thousand angry fishermen in Galicia, northern Spain, to accept a cut in quota, particularly as the Canadians say the Spanish fleets have already fished a sizeable portion of the catch this year.

In spite of the pressure on Spain, the Commission and the French presidency of the EU expressed solidarity with the Madrid government and condemned Canadian breaches of international law in the recent seizure of the Estai trawler.

Even if the EU and Canada can agree on a division of this year's catch, they must still resolve the issues of the bond that Spain posted on the Estai and Canadian coastal fisheries protection legislation, which targets Spain and Portugal.

Bronfman courts MCA executives

Continued from Page 1

its 24.2 per cent stake in Du Pont, the US chemicals group, to buy MCA, Seagram was moving to control its own fortunes more directly.

Like the Du Pont holding, the Time Warner stake has been a passive investment, in part because the company rebuffed Mr Bronfman's bid for a seat on the board.

An adviser to Mr Bronfman pointed out yesterday that Seagram was under no immediate pressure to sell the shares, since it had raised $7.7bn after tax from the agreement last week to sell its 25 per stake in Du Pont back to the company.

Shares in CBS, the network television company Mr Bronfman has also been reportedly interested in buying, slipped by $1⅛, or 2 per cent, to $37⅛.

The Seagram head has denied being engaged in discussions for other acquisitions.

Doubts raised over EBRD's chances of extra funding

By Anthony Robinson and Gillian Tett in London

Western member governments indicated yesterday that the European Bank for Reconstruction and Development would face a hard task in winning approval next year for extra funding.

The initial capital of the bank, set up to help former communist countries switch to capitalist economies, was fixed at Ecu10bn ($13bn) in 1991. During the next year its officials will prepare proposals for a possible doubling of its capital base.

Speaking at the bank's annual meeting in London yesterday, Mr Lawrence Summers, US Treasury undersecretary for international affairs, said "the EBRD's role as a public institution will be temporary" and suggested that it should "be ready to consider how to privatise itself" rather than continue to depend on public funding.

Mr Theo Waigel, the German finance minister, said Germany would "look constructively" at proposals for a capital increase.

He made clear, however, that it would seek a more important role within the bank, consistent with its position as the state "which has done far more than any other" to support the transformation of the former communist countries.

The UK responded cautiously to the proposals for increased country contributions.

The UK Treasury insists that it remains open-minded about extra funding, but other officials acknowledge privately it may be politically difficult to persuade the government to authorise any large increase in the UK contribution.

An increase in capital has received support from some smaller member countries. Mr Svante Oberg, Sweden's deputy finance minister, indicated that Stockholm would back any request if the EBRD "continued along its present path".

Mr Waigel, meanwhile, praised what he called "a new culture of thriftiness at the bank" after criticism of the bank's spending under its former president, Mr Jacques Attali. Mr Waigel added he was in favour of the EBRD's plan for completion of the Mohovce nuclear power station in Slovakia.

Bayernwerk, the main energy supply company in Bavaria, is closely involved, with Electricité de France, in the project. The future of the project will be discussed today by Mr Jacques de Larosière, president of the EBRD, and Mr Sergei Kozlik, Slovak finance minister.

Mr John Major, UK prime minister, also praised the bank's increased cost-effectiveness under the leadership of Mr de Larosière and pledged "strong backing" for the bank's continuing operations.

Trade liberalisation, he said, "should not wait for some grand review in some years' time. We should continue with it now. The west should open its markets".

Editorial comment, Page 15

THE LEX COLUMN

Shoring up the tunnel

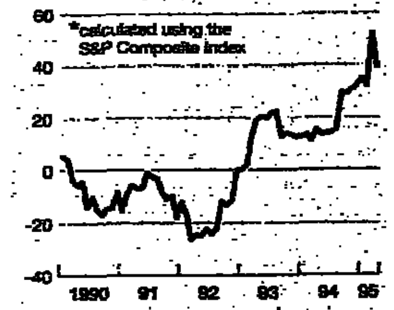
Eurotunnel's poor 1994 results add little to the sum of knowledge about the company's dire straits. But the negative tone of the letter to shareholders from Eurotunnel's normally gung-ho joint chairmen suggests it is also trying to soften up its bankers.

Eurotunnel has enough money, provided banks continue to waive conditions attached to its loans, to see it through to the second half of 1996. Beyond this date, however, it does not look likely to generate enough cash to service its massive debts. Its broad aim of lowering interest expenses by refinancing bank debt is sound in theory, but will be difficult to achieve in practice for a company which admits it is close to the brink. Talk of a bond issue looks fanciful, given the risks. Behind the scenes, the company may be trying to persuade banks to agree to lower interest charges, or even to forgive some debt. But if banks do extend fresh funds, they could well hold out for a debt-for-equity swap. Bankers are bound to drive a hard bargain.

The chances that Eurotunnel will avoid restructuring are slim. Its claims from UK and French national railways, currently in arbitration, would, if successful, provide a useful injection of cash. Their respective governments could bail out the project, but this is unlikely. An even longer shot is that interest rates could fall rapidly – the group saves £50m with every 1 percentage point fall in interest rates. But the chances are that either banks or shareholders, or most probably both, will have to foot the bill when the company is restructured.

FT-SE Eurotrack 200:
1376.5 (-3.8)

US stock market earnings*



Source: Datastream

US earnings

US companies start reporting first-quarter results this week and the figures will, for the most part, be impressive. Earnings in the chemicals, steel, and pulp and paper sectors should be particularly strong, despite the recent sell-off in such cyclical stocks.

Many are set to post record results. But these are unlikely to be sustained. Much of the earnings improvement during the three months to March is a spill-over from the exceptionally strong economic growth during the second half last year. The momentum of earnings growth has now peaked and the crunch will come in the next two quarters.

The biggest question facing the market is the impact of the US economy's slowdown on earnings and dividends. The consequences are likely to be considerable: warnings last week from Chrysler and General Motors that automotive sales are stuttering suggest higher interest rates are finally taking their toll on growth.

Those hoping the dollar's descent will boost corporate America's overseas earnings and so compensate for a domestic slowdown are likely to be disappointed. True, the dollar has fallen markedly against the yen and D-Mark. But it has appreciated against the Mexican peso and Canadian dollar. Canada is a more important trading partner for the US than Japan; Mexico is more significant than Germany. The S&P 500 has risen 10 per cent so far this year. The temptation to book profits and switch into riskless cash seems seductive.

Caradon/Weru

There should be few complaints at Caradon's move to gear up its balance sheet and add a European leg to its UK/US dominated business. But its decision to invest more than £100m in a German window and door manufacturing company will raise eyebrows. After all, Caradon invested substantially in UK windows businesses in the late 1980s; but these operations produced an estimated profit of £500,000 last year on sales of close to £100m, due to rising PVC prices. Furthermore, another building materials group, Redland, suggested last week that it expected the German market to slow this year.

Caradon hopes it is buying a company set to turn round following management problems last year. Weru has a new factory in eastern Germany, which remains a relatively high growth market. It is the German market leader and can provide technological assistance in making Caradon's UK manufacturing business more cost efficient. But the risk is that a strong D-Mark could also put Weru under greater pressure from imports in an already competitive market place.

Given that Weru has net cash on its balance sheet, it is likely Caradon will increase its stake beyond the 43 per cent currently agreed. However, Caradon could purchase the entire company without taking gearing over 50 per cent. More of a concern is that it is still digesting the £800m purchase of Pillar, which has been reflected in a badly performing share price. The Weru deal increases short-term uncertainty and is likely to postpone any process of recovery.

Water companies

The teaming up of Thames Water and Compagnie Générale des Eaux to bid for projects in the Asia-Pacific region through a joint venture is a mixed blessing. So far, the overseas record of UK water companies has been poor, to say the least. Thames Water has been among the biggest losers, despite its aggressive stance after privatisation. Potential earnings on overseas projects are dwarfed by the core UK utility business, while the downside in politically risky emerging markets can be substantial.

Nevertheless, the joint venture, which is pegged to a current tender for a treatment works in Australia, makes some strategic sense. The UK market is heavily regulated, with limited opportunity for growth, while business in the Asia-Pacific region is booming, due to privatisation in Australia and heavy infrastructure requirements in emerging markets. Further, costs of bidding for these projects, often amounting to as much as £1m, have surprised many participants. A joint venture both defrays costs and limits risks. It also allows both companies to capitalise on their different spheres of interest in the region. North West Water's business partnership with Bechtel of the US carries similar benefits.

In overseas ventures, Thames has been less successful than North West, and Générale has lost ground to its arch-rival Lyonnaise des Eaux. Both Thames and Générale have something to prove.

See additional Lex comment on Wembley, Page 23

Bank chief fined for jobs law breach

French court rules BNP chairman worked former employees too hard

By Andrew Jack in Paris

The chairman of Banque Nationale de Paris, the leading French banking group, yesterday faced an embarrassing judgment from the courts that he had forced his former employees to work too hard.

The ruling, under a 60-year-old law, could have widespread implications.

Mr Michel Pébereau was fined FFr80 (£10.11) by the court of appeal in Paris on each of 664 separate incidents.

The case relates to the period from June to September 1987, when Mr Pébereau was chairman of Crédit Commercial de France, another French bank, a position he held from 1987-93 and where he remains honorary chairman.

Firemen employed by the bank were found to have exceeded the maximum daily or weekly limit for working hours.

The ruling was the latest move in a long-running battle by one of the unions at Credit Commercial to hold Mr Pébereau accountable for breaches by his staff of the maximum working week of 39 hours.

It also raises broader questions about the extent to which banks and other French companies face business restrictions under long-standing employment protection laws, and how far senior executives can be held responsible for any contraventions.

Mr Pébereau was initially condemned by the police tribunal in Paris in 1988 for 649 infringements relating to the firemen's case, each triggering a fine of FFr200. He has been fighting appeals on the matter since then. A new appeal with the Supreme Court was lodged yesterday.

The Association of French Banks said the existing regulations on working hours for banks date from a law passed in 1936, updated in 1982, which specifies a maximum of 39 hours a week and a limit in any one day of 10 working hours. Any extra hours have to be negotiated with the unions.

The regulations have prevented many banks from offering telephone banking services and experimenting with opening hours in the evenings and at weekends. The association failed last year to negotiate more flexible arrangements with the unions.

Ironically, Crédit Commercial de France has since succeeded in negotiated its own individual contract with the unions to allow greater flexibility. The bank said last night: "This is not going to start a revolution in large companies. It is something very French." The company vowed to appeal against the the ruling.

The unions could not be contacted last night for comment.

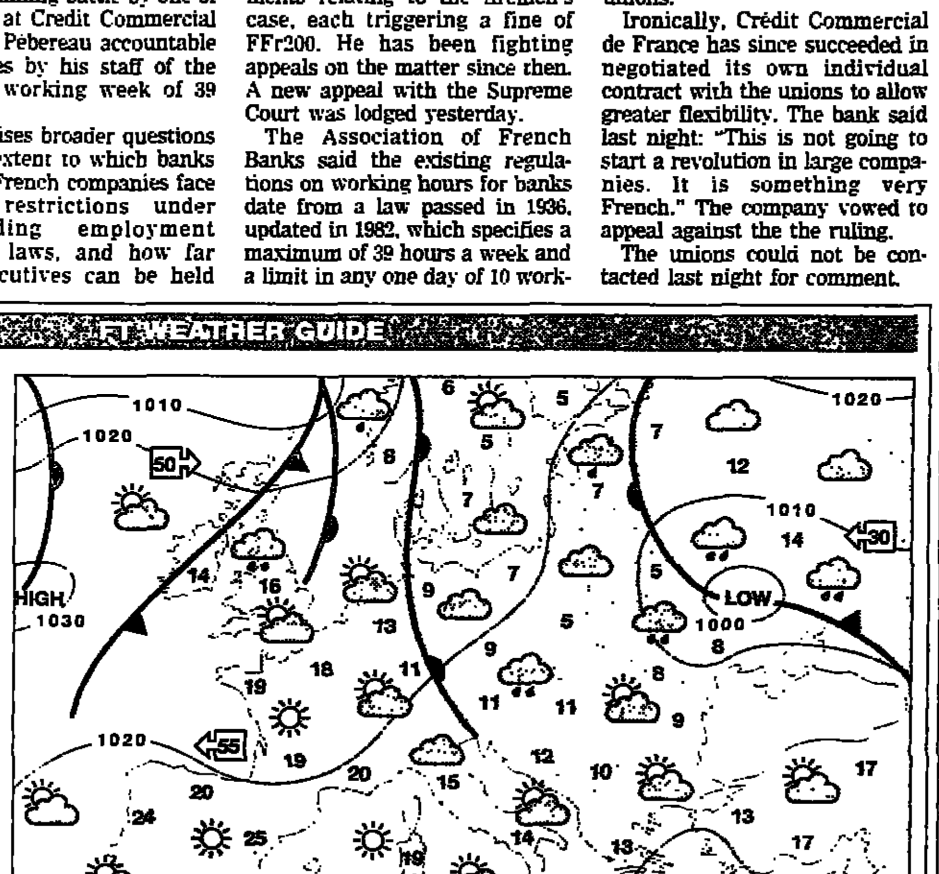
FT WEATHER GUIDE

Europe today

High pressure from the British Isles to Scandinavia will cause settled and spring-like conditions in most of western Europe but central and eastern sections will be changeable. Sun will dominate from the Benelux to Spain, with temperatures ranging from 11C in Holland to 28C in southern Spain. Cloud will linger from southern Italy to the Baltic Sea and significant precipitation is expected from northern Italy to southern Germany and Austria. The east and west of the Mediterranean will see some cloud and thunder showers. The windiest and wettest conditions are expected in north-east Europe and along the Norwegian coast. Russia will be much warmer than central eastern Europe.

Five-day forecast

The high pressure will weaken, leading to increasingly unsettled conditions in north-western Europe during the week. Heavy thunder showers will persist near the Straits of Gibraltar, but the rest of the western Mediterranean will be dry, sunny and warm. An intensifying low pressure system over the Balkans will cause prolonged unsettled conditions over eastern and south-eastern Europe.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	fair	33
Accra	shower	33
Algiers	fair	23
Amsterdam	fair	13
Athens	fair	16
Atlanta	fair	23
B. Aires	sun	16
B.ham	fair	16
Bangkok	shower	36
Barcelona	fair	19
Beijing	sun	18
Belfast	cloudy	12
Belgrade	cloudy	9
Berlin	fair	9
Bermuda	fair	23
Bogota	fair	28
Bombay	fair	32
Brussels	sun	14
Budapest	shower	7
C.hagen	fair	8
Cairo	fair	20
Cape Town	fair	25
Caracas	sun	29
Cardiff	fair	15
Casablanca	rain	20
Chicago	rain	17
Cologne	fair	14
Dakar	shower	24
Dallas	fair	23
Delhi	sun	31
Dubai	fair	33
Dublin	fair	14
Dubrovnik	cloudy	14
Edinburgh	cloudy	13
Faro	cloudy	22
Frankfurt	cloudy	14
Geneva	cloudy	16
Gibraltar	shower	21
Glasgow	cloudy	13
Hamburg	cloudy	10
Helsinki	cloudy	5
Hong Kong	fair	28
Honolulu	fair	29
Istanbul	cloudy	11
Jakarta	cloudy	31
Jersey	sun	9
Karachi	sun	34
Kuwait	fair	29
L. Angeles	sun	28
Las Palmas	shower	23
Lima	fair	24
Lisbon	fair	26
London	fair	18
Lux.bourg	cloudy	14
Lyon	cloudy	17
Madeira	shower	21
Madrid	sun	28
Majorca	sun	21
Malta	cloudy	16
Manchester	fair	15
Manila	fair	33
Melbourne	shower	18
Mexico City	sun	25
Miami	fair	31
Milan	rain	17
Montreal	fair	9
Moscow	rain	18
Munich	cloudy	9
Nairobi	fair	30
Naples	fair	16
Nassau	fair	28
New York	fair	13
Nice	fair	18
Nicosia	fair	16
Oslo	cloudy	9
Paris	sun	18
Perth	fair	28
Prague	rain	7
Rangoon	sun	34
Reykjavik	shower	4
Rio	fair	31
Rome	cloudy	17
S. Frsco	sun	20
Seoul	cloudy	16
Singapore	fair	33
Stockholm	fair	8
Strasbourg	cloudy	15
Sydney	fair	22
Tangier	shower	21
Tel Aviv	fair	18
Tokyo	fair	15
Toronto	shower	13
Vancouver	shower	13
Venice	rain	15
Vienna	rain	7
Warsaw	cloudy	5
Washington	shower	14
Wellington	cloudy	17
Winnipeg	cloudy	6
Zurich	rain	12

FINANCIAL TIMES
COMPANIES & MARKETS
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IN BRIEF

Basle Accord to include market risk

The Bank for International Settlements (BIS) plans to amend the 1988 Basle Accord to incorporate market risk. The Bank's Committee will issue the new proposals on how banks can reduce the risk of losses from adverse market movements. Page 26

US pension funds lift overseas investment
Turbulence in international equity markets in 1994 has not deterred US pension funds from continuing to increase their holdings of non-domestic securities last year. Page 19

Telecoms groups in $1.8bn merger
Frontier Corporation, formerly Rochester Telephone, has merged with ALC Communications to form the fifth-biggest US long-distance telephone service group in a deal valued at about $1.8bn. Page 20

US West to create two classes of stock
US West, the telecommunications group, is hoping to improve its share rating through a plan to create two classes of shares reflecting the two sides of its business. Page 20

AMP blames investment climate
The Australian Mutual Provident, Australia's largest life insurer and also owner of the Pearl and London Life groups, reported a sharp fall in 1994 profits, making A$427m (US$316.8m) before tax compared with $3.2bn in the previous 12 months. Page 22

UK and French groups in water venture
France's Compagnie Générale des Eaux and Thames Water, one of the UK's biggest water companies, are to form a joint venture to pursue water projects in Australia. Page 22

Caradon expands within Europe
Caradon, one of Britain's biggest building products groups, is to expand its continental European operations through a strategic stake in Weru, Germany's largest window manufacturer. Page 23

Insurance cover warning from T&N
T&N, the motor components and engineering group, has said its insurance cover to meet asbestos claims is virtually exhausted at a time when it faces "numerous personal injury claims" in Britain and the US. Page 23

Signet attacks rebel shareholders
Signet, the embattled UK jewellery retailer formerly known as Ratners, launched a fierce attack on rebel shareholders who have called an extraordinary general meeting to consider the possible break-up of the group. Page 23

Russia to end gold export monopoly
Russia will soon end its state monopoly of gold exports, which should make it much easier to attract western capital for new projects. Page 25

Austrian bank pares down portfolio
Mr Gerhard Randa, the new chief executive of Bank Austria, the country's largest bank, has given top priority to unloading most of the bank's portfolio of industrial and commercial businesses. Page 26

Companies in this issue

Chief price changes yesterday

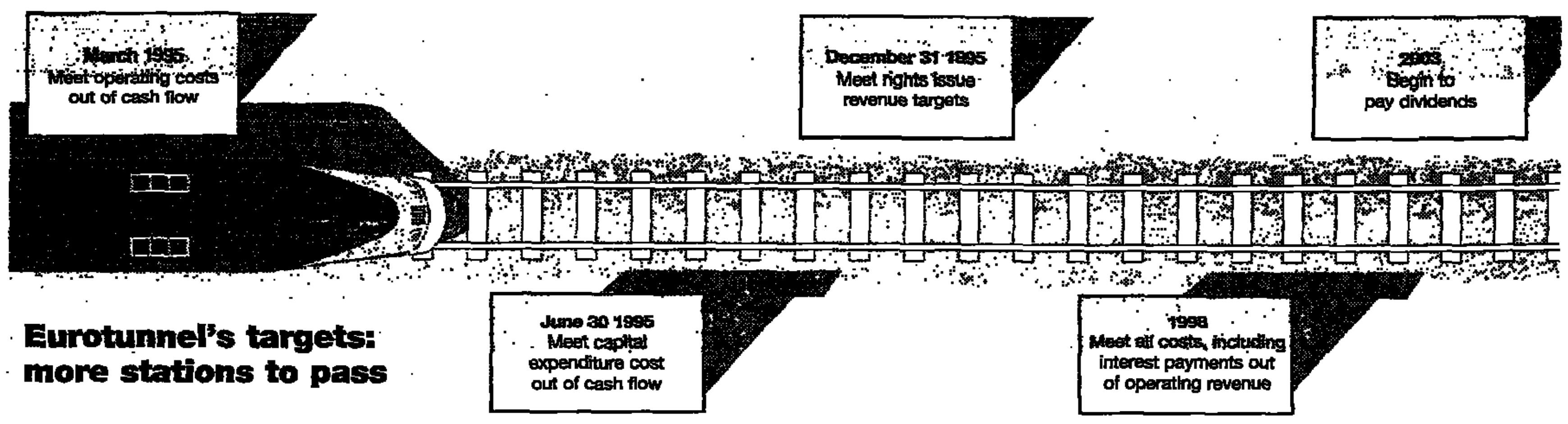
FRANKFURT (DM)			
Rises			
Lahmeyer	553	+	16.2
Porsche	543	+	18
Springr Ax Rg	650	+	10
Wella	980	+	15
Falls			
Dresdner Bnk	380.2	−	4.8
Hochtief	742	−	26
NEW YORK ($)			
Rises			
Adobe Sys	50¾	+	2¾
Clark Equip	85⅝	+	1⅞
Dig Equip	41⅝	+	1⅛
IBM	85¾	+	1
Microsoft	71	+	1⅛
Falls			
Ingersoll	32⅞	−	¼
LONDON (Pence)			
Rises			
Amersham Int	880	+	35
Moss Bros	384	+	35
Shanco	99	+	7
Falls			
Dickie Heel	30	−	5
Eurotnel Uts	218	−	24
Tottenham Hspr	141	−	23
TORONTO (C$)			
Rises			
Asbestos Grp	9	+	1⅛
CFCF Inc	12½	+	1½
Pac Forest	13¼	+	1¼
Falls			
Alphanet Tel	8	−	1
Fnco Nevada	70	−	2⅞
Placer Dome	32¾	−	⅜

PARIS (FFr)			
Rises			
Geophysique	311.5	+	16.5
Falls			
Air Liquide	781	−	16
BNP	245.6	−	5.1
Ecco	681	−	17
Peugeot	657	−	13
Schneider	355.1	−	11.9
TOKYO (Yen)			
Rises			
Amada Co	889	+	38
Furukawa El	494	+	22
Hino Mtrs	726	+	56
Ind Bk Japan	2340	+	120
Nisshin Oil	661	+	31
Toei	611	+	25
HONG KONG (HK$)			
Rises			
Cathay I Fnd	8.6	+	0.60
Hoi Sing	0.87	+	0.19
Lai Sing	10.1	+	0.20
Falls			
HK Macau Hld	4.8	−	0.30
Keck Seng In	2.4	−	0.20
Tsingtao	3.88	−	0.22
BANGKOK (Baht)			
Rises			
Haitichon	118.0	+	7.0
Sri Thang	34.25	+	2.25
Thai Mgstic	70.5	+	4.0
Falls			
Christiani	57.0	−	3.0
TS Life	57.0	−	4.0
White Grp	51.0	−	7.0

New York and Toronto prices at 12.30pm.

Amid conflicting signals of hope and despair, **John Gapper and Geoff Dyer** chart the route ahead

Eurotunnel in a hole and in a twist



Even for connoisseurs of the heady cocktail of hope and despair that characterises Eurotunnel's public statements, yesterday's mixture was intoxicating. The Anglo-French company's dire warning that it could be "overwhelmed" by debt was followed by an outburst of optimism about its prospects.

As ever, the volatile tone was set by Sir Alastair Morton, co-chairman, who crudely dismissed a press report that Eurotunnel was holding talks with its bankers. This was despite his own results statement, which talked of Eurotunnel being "at risk" as a going concern.

For most enterprises, this might be thought odd behaviour. Yet as Eurotunnel's 722,000 shareholders and 225 lending banks have discovered, it is an unusual company. The manner in which it "shouted the odds on all fronts" – as Sir Alastair put it – has come to be a normal mode of behaviour.

One motivation was the difficulties it has faced since its refinancing last May, in which it raised £816m ($1.3bn) of new equity, and arranged a £693m debt facility. It has since had to gain a waiver of covenants after undershooting revenue targets, and finding higher than projected funding costs.

Directors say they do not want to flatter to deceive again. "With the best intentions, and after an immense amount of due diligence, we put out a [rights issue] prospectus last year that we have disappointed," said Mr Graham Corbett, the company's chief financial officer.

Since then it has faced two difficulties:

● Operating delays: Delays in commissioning and availability of train rolling stock last summer meant that operating cash flows were delayed by months. "We did not anticipate the full horror of the valley of darkness [last summer]. It was a nightmare, but it is behind us," said Sir Alastair.

Revenues in 1994 of £30.6m were well below the £137m predicted last May. Cash flows rose above operating expenses for the first time only last month. Eurotunnel says they will also pay marginal capital spending within four months, leaving only debt interest payment uncovered.

● Funding: Eurotunnel currently pays just under 9 per cent interest on its £8bn of bank debt. This does not include the £693m facility, which it is likely to start drawing in the middle of 1995. Funding costs rise £50m per year for each 1 percentage point rise in short-term interest rates. It pays 2.5 percentage points above the London Interbank Offered Rate (Libor) on the £693m facility. Banks have waived covenants to allow up to £300m to be drawn by the end of October. Beyond then, it will have to reach agreement with banks on a further refinancing to release the rest.

A big problem is the continuing rise in short-term interest rates in Europe. Some 54 per cent of Eurotunnel's debt is variable rate, and it did not swap into longer maturities last year because that would have added about £100m to funding costs.

These problems have broken a key assumption of last year's refinancing: that there would be enough cash to take it up to mid-1998, when it would reach break-even. It now believes that the £419m "funding margin" negotiated then will not be enough to take it to the 1998 break-even point.

Eurotunnel must therefore either reduce its funding costs in talks with banks, or have a bumper summer season that will boost cash flows. "For the banks and us, the summer of 1995 is a crucial test for our ability to put in place a service that wins our target share," Sir Alastair said.

Eurotunnel hopes to increase its 20 per cent first quarter share of the tourist short crossing market to 40 per cent, and is increasing capacity. The freight operation, which recorded a market share of 18 per cent in the first quarter, is aiming for 30 per cent.

Even if it meets volume targets over the summer, a price war could damage revenues. Even with a bumper summer, it must find a means of forcing down funding costs as well. There will be a number of options, in its bank talks, which are scheduled to start in September.

● Eurotunnel could opt for an immediate rights issue. This was explicitly ruled out in the short term yesterday. Mr Corbett said shareholders had "had a rough ride so far". Sir Alastair was more pointed. "Our banks support us and there will be no call on shareholders," he said.

● Banks could either reduce the level of interest on the debt, or waive interest payments. Banks would be unlikely to do so without being compensated, for example by a debt for equity swap. It might attract banks if cash flows were strong enough, although Mr Corbett cast doubt on the idea.

● Eurotunnel could refinance its bank debt either on public capital markets or through a debt placement. It has so far been unable to tap bond markets without an operating cash flow. However, it has already talked to US investment banks about the possibility of a debt refinancing.

Directors say the most attractive possibility would be a convertible bond issue, which would include a call option to allow shareholders to avoid being diluted if cash flows turned out to be very strong. The company might have a rights issue when it was callable to finance its redemption.

The most optimistic note was sounded by Mr Corbett, who said that if cash flows were very good, banks might realise that they would lose out by allowing Eurotunnel to refinance with debt securities. This could allow Eurotunnel to gain a debt refinancing with its own or other banks. He added: "If it goes well this summer, then we will have a very good range of options. If we blow it, then we could be in trouble."

Lex, Page 16

Clark succumbs to Ingersoll-Rand's knock-out offer

Merged tracks give speculators an instant reward

Clark Equipment, the big Indiana-based construction and roadpaving machinery producer, has bowed to the inevitable. After earlier holding out against an all-cash bid worth $77 a share from Ingersoll-Rand, a much larger industrial machinery producer, Clark's board succumbed to a knock-out punch: $86 a share, in cash.

For the speculative stock traders who had climbed aboard in recent days, this was an instant reward. Clark's stock had slumped in the months Ingersoll-Rand's interest became public, reflecting a belief that the US market for construction equipment was about to suffer a downturn. The $86 a share – valuing the company at $1.5bn – compares with a price of around $53 a fortnight ago.

In the event, the cash talked louder than Clark's directors, who had protested earlier that their company was being bought on the cheap. On Sunday evening, Mr Leo McKernan, Clark's chairman and chief executive, confessed: "This merger delivers fair value to our shareholders".

The acquisition will create a broad-based industrial and construction equipment group with combined annual turnover of $5.5bn, linking some famous industrial brand names.

IngersollRand will add Clark's Melroe Bobcat skid-steer loaders, Blaw-Knox roadbuilding equipment and Clark-Hurth axles and transmissions to its own portfolio: Ingersoll-Rand compressors and road rollers, ABG road-paving equipment, Klemm drilling equipment and Montabert hydraulic hammers.

According to Ingersoll Rand, the complementary aspects of the two companies' products, customers and distribution will enable the combined entity to be "an even more effective competitor in the global marketplace". Clark paid Sweden's Electrolux $144m last May for Blaw-Knox, but IngersollRand was a rival bidder. Blaw-Knox is the biggest name in US-style roadmaking, which aims for high-speed, relatively low-technology production.

ABG in contrast, is classically German: it uses a high technology, low speed method that costs more but produces a better road. Together, the two technologies would give IngersollRand a machine to suit virtually all road-building customers worldwide.

Melroe, meanwhile, will give IngersollRand the world leader in skid-steer loaders with an estimated 50 per cent share of a relatively fast-growing market, and it also makes mini-excavators. With its own compressors, says Ingersoll-Rand, it will have three of the four most popular machines in plant hire. Only backhoe loaders are missing.

Ingersoll-Rand argues it also has experience of components through Torrington, which makes bearings and steering parts. There will be no overlap with Clark-Hurth, which supplies the off-highway market.

The purchase will also bring Ingersoll-Rand Georgia-based Club Car, which has an estimated 35 per cent of the North American golf cart market. Bought by Clark recently for $237m, the acquisition appeared an unusual diversification but analysts applauded it as a sensible redeployment of assets into a less cyclical market.

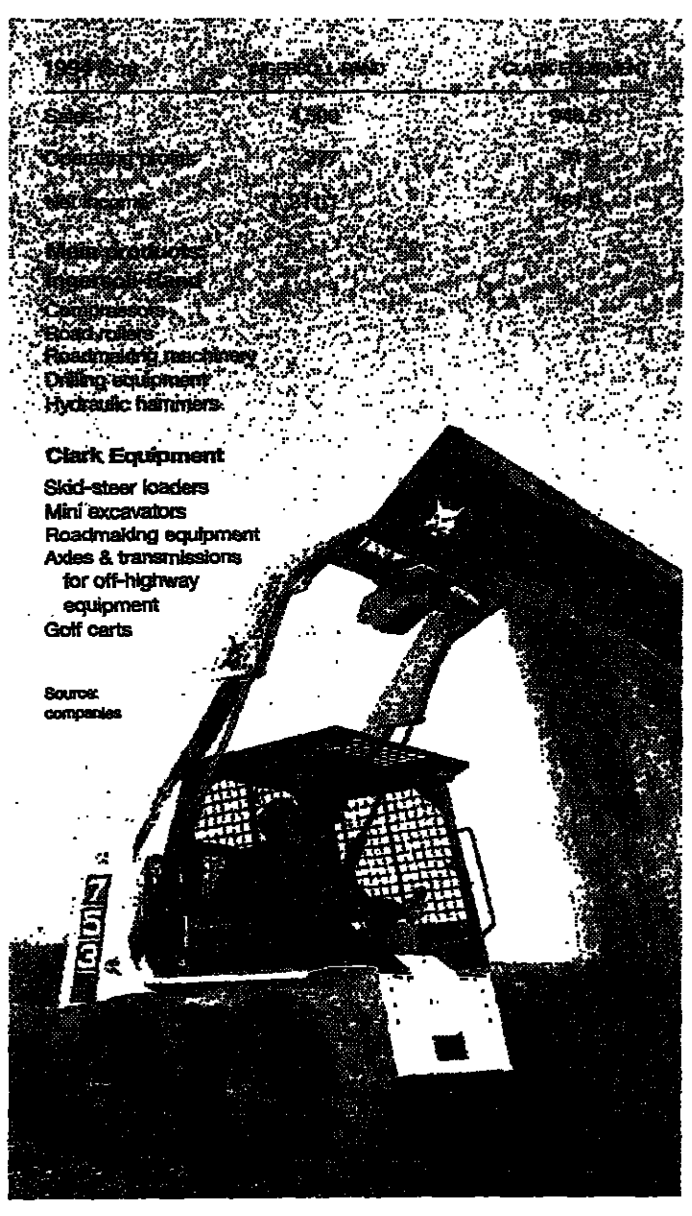
Mr Charles Yengst of the Off-Highway Research consultancy said buying Clark made sense for IngersollRand. "It would give them half of the US paving market and a pretty good position elsewhere. Melroe would take IngersollRand into skid steers, and generate a lot of cash."

While trumpeting the industrial logic of its acquisition, Ingersoll-Rand's aggressive attack on Clark prompted some suggestions that it was motivated more by financial engineering. Some observers suggested that it might break up and sell parts of the company to reap an immediate financial reward.

That suspicion was heightened by a recent move by Clark to add to its cash hoard. The company agreed to sell its 50 per cent stake in VME, the Brussels-based construction equipment producer. The sale, to Volvo, its partner in the venture, is expected to yield $430m after tax. Clark had intended to use that cash for acquisitions. In the event, the cash will help Ingersoll-Rand finance its own purchase of Clark.

Industry executives say Ingersoll-Rand has left itself in a good position either to retain all of the business, or to sell selective assets. According to Mr Yengst: "It could use all the pieces, especially as they are making money. Alternatively, it could raise hundreds of millions of dollars by spinning off parts, such as Club Car and Clark-Hurth."

Richard Waters and Andrew Baxter



LTCB to take Y49bn charge on subsidiary's property debts

By Our Financial Staff

The Long-Term Credit Bank, one of Japan's biggest banks, yesterday announced it would take an extraordinary charge of Y49bn ($582m) in the year to March 31 to cover losses suffered by its affiliate, Japan Leasing Corporation, on bad property loans.

LTCB is leading a rescue of Japan Leasing, which is one of many non-bank financing companies that lent aggressively in the 1980s Japanese property boom and got into severe difficulties when prices dropped in the 1990s.

The announcement came amid growing concern about LTCB's involvement in the bail-out of two other institutions encumbered by bad property loans – Tokyo Kyowa Credit Association and Anzen Credit Bank, which lent heavily to a big client of LTCB – Mr Harunori Takahashi, the head of EIE International Corporation.

On April 1, Mr Tetsuya Horie, the LTCB president, announced his resignation to take responsibility for the failure of Tokyo Kyowa and Anzen Credit, which has generated political controversy.

Concern about the cost to LTCB of bailing out the two credit associations deepened yesterday after the newly-elected governor of Tokyo, Mr Yukio Aoshima, said he would not supply the city's contribution to the rescue in spite of national government plans.

Regarding Japan Leasing, LTCB said it had taken on the losses of Y49bn when Japan Leasing sold Y110bn of problem loans to the Co-operative Purchasing Company as part of its financial restructuring.

Bank officials said LTCB was committed to helping Japan Leasing deal with a further Y290bn in problem loans by March 1997, but the size of further write-offs was not yet certain.

Japan Leasing, which is 16 per cent owned by LTCB group companies, said it might need additional help from LTCB.

Japan Leasing is also planning to raise Y10bn-Y20bn in new capital this year through a share issue, which LTCB group companies will take up.

Schneider shifts focus to growth in foreign sales

By John Ridding in Paris

Groupe Schneider, the French electrical engineering group, yesterday announced a sharp increase in profits for 1994 and said it was embarking on a new phase of development following a 14-year restructuring.

Mr Didier Pineau-Valencienne, chairman, said efforts would be focused on geographical expansion and profitability, after unveiling a 68 per cent increase in net profits to FFr679m ($141.5m). He forecast further progress this year, describing the outlook as favourable.

According to the Schneider chief, the company has largely completed a radical restructuring, launched in 1981. "All that remains is the name," he said, referring to the divestment of the group's rail, steel and telecoms operations.

"Today, the group which used to resemble an oil refinery in its structure, with 400 companies each controlling each other, now has a transparent structure," said Mr Pineau-Valencienne.

The group's re-organisation has not been without its problems. Mr Pineau-Valencienne is subject to an international arrest warrant issued last year by a Belgian magistrate, following an investigation into alleged fraud concerning a buy-out of minority shareholders in two of the group's former Belgian subsidiaries.

The Schneider chief, who is not able to leave France, strongly denies any wrongdoing and is appealing against the magistrate's decision. An independent audit ordered by the company, and which was completed earlier this year, supports Mr Pineau-Valencienne's interpretation of the affair.

A significant step in the group's restructuring, the absorption of Spie Batignolles, the group's troubled property arm, is near completion. The tender offer for shares in the loss-making operation, valued at about FFr11bn, is scheduled to be launched next month and is due to be approved by the annual shareholders meeting in June.

Didier Pineau-Valencienne: 'All that remains is the name'

Losses at Spie Batignolles, which rose to FFr810m last year from FFr215m in 1993, restricted profits. However, strong demand from the US market, lower financial charges resulting from a fall in net debts to FFr9bn from FFr11bn, and increased productivity underpinned the profits rise at the group.

Sales were flat at FFr56bn, though turnover in the industrial branch, which comprises the core electrical distribution and transmission equipment, rose 6 per cent. The enterprise division, which includes Spie Batignolles, saw sales fall 5 per cent.

Mr Pineau-Valencienne said growth would come from geographical expansion, particularly in Asia, where he said the group should raise sales from 8 per cent of the total to 20 per cent. He also expressed optimism about new products, such as the Compact NS, a low-tension transformer.

Schneider said the European market was enjoying significant growth, although revival in France had come relatively late. It also forecast a recovery at Spie Batignolles.

Chemicals side helps lift UCB pre-tax

By Emma Tucker in Brussels

UCB, the Belgian chemicals and pharmaceuticals company, said sharply improved results at its chemicals sector helped boost pre-tax profits 46 per cent last year, excluding exceptional items.

Profits rose to BFr2.96bn ($104.3m) from BFr2.03bn in 1993. However, lower capital gains and higher taxes held the increase in net consolidated profits to 2 per cent, excluding minority interests. The final figure was BFr2.45bn compared with BFr2.4bn in 1993.

Exceptional profits were sharply lower than in 1993, when they were helped by the sale of various assets, including Vel, the group's Belgian chemicals subsidiary. Turnover climbed 9 per cent to BFr49.87bn from BFr45.91bn.

In the pharmaceuticals sector, sales of Zyrtec, the anti-allergy drug used mainly to fight respiratory and skin reactions, continued to increase its sales. Earlier this year, the Food and Drug Administration in the US sent UCB's US licensee Pfizer an "approval letter" for the oral antihistamine.

The application for approval had been on the FDA's table since 1988, and the final go-ahead may take another few months. However, clearance, when it comes, will provide a welcome boost for sales of the drug, which is now the most important product for UCB's pharmaceuticals operations.

The group said its chemicals sector benefited last year from stronger demand from the US for specialty chemicals.

In the films and packaging sector, profits were lower as the group continued to rationalise, mainly by divesting certain UK interests. The market for cellulose film remained steady, while demand for specialty films rose.

The group said its workforce rose by 137 in 1994, to 8,241. Spending on research and development climbed to BFr3.3bn from BFr2.95bn in 1993.

Bank Austria unloads a post-war legacy

The bank is selling most of its industrial and commercial portfolio, writes Ian Rodger

Mr Gerhard Randa, the new chief executive of Bank Austria, has wasted little time in setting out an ambitious agenda for the country's largest bank. His aim is to ensure it concentrates on core business.

To that end, and to the surprise of many, he has given priority to unloading most of the bank's portfolio of industrial and commercial businesses.

At the end of last year, it comprised holdings in more than 50 companies with a combined turnover of Sch54bn ($5.5bn) and employing some 29,000. Their net value in the bank's 1994 balance sheet was Sch21.4bn, but the real worth is probably higher. The money will be used to strengthen the balance sheet, to conform more closely to EU rules.

The most important holdings are in the construction and engineering sectors. However, there is also a big property portfolio; hotel, cinema and restaurant chains; and even a surfboard maker.

Leading Austrian banks have talked for years of disposing of their industrial holdings, but so far there has been very little action. Now, not least because of Austria's entry into the European Union this year, the pace is likely to accelerate.

The holdings are a legacy of immediate post-war political pressures. After the second world war, Austria was occupied by the four allied powers, and the Russians were determined that leading industries would not fall back into Nazi hands. Their solution was for the Austrian government and government-controlled banks to buy them up.

Consequently, the two main nationalised banks, Creditanstalt-Bankverein and Länderbank, along with the state and city governments, became the main owners of industry and commerce.

For a long time, this fitted comfortably with the tight social partnership that guided Austrian political and economic life. The banks were important vehicles for ensuring that jobs at all levels, and contracts of all sizes, could be shared fairly among supporters of the two leading political parties, the conservatives and the socialists.

However, the system has become anachronistic. And with Austrian industries facing increasing international competition, they have had to address their competence and efficiency.

The city of Vienna, a bulwark of old-style doctrinaire socialism for more than a century, had built up leading positions in virtually every commercial sector, from hotels, restaurants and shopping centres to a housebuilder and a billboard advertising company.

However, by the early 1990s the city government was beginning to feel these activities had become more of a burden than a benefit.

Then in 1991, Zentralsparkasse, a savings bank network also controlled by the city, rescued Länderbank to create Bank Austria. Two years later, the city transferred all its holdings that appeared commercially viable to Bank Austria, preparing the way for a sell-off.

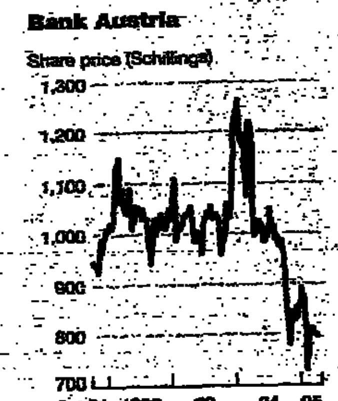
The disposals began late in 1993, with the sale of a small subsidiary bank, Mercurbank, to General Electric Capital of the US, and most of its 50 per cent stake in Perlmooser Zementwerke to Lafarge Coppée of France. The rest was sold last year.

Mr Randa says everything is up for sale, except for smallish minority stakes in a few companies that are also important customers.

Speculation in Vienna has focused on two companies: Waagner-Biro, a steel construction and engineering group, and Lenzing, the world's leading maker of viscose fibre.

Bank Austria holds 85 per cent of Waagner, and has just launched a bid to acquire the rest. This is a prelude to selling off its assets, with VA Technologie, the privatised plant engineering group, in line to pick up the engineering side.

Lenzing, in which Bank Austria has a 33 per cent stake, appears poised for a surge in earnings, thanks to the popularity of viscose clothing and the potential of a new fibre that both it and Courtaulds of the UK have developed. Creditanstalt holds a further 15 per cent stake in Lenzing, and this, too, would probably be sold – at the right price.



Among the other assets are Wiener Betriebs-und Bau, a 100 per cent-owned Vienna housebuilder that reported a 27 per cent return on its Sch173.8m equity last year, and Gewista, Austria's leading producer and supplier of billboard and cinema advertising, which reported 13 per cent growth in sales.

Two subsidiaries, Hotel & Touristik Holding and Wigast, together operate 49 hotels in Austria, 231 restaurants and 90 travel agency offices, with combined sales of Sch7bn last year. The main brands are Austria Trend Hotels and the Wienerwald chain of chicken restaurants in Austria and Germany. The bank has a 25 per cent stake in J.M. Voith, the leading paper-making machinery maker; a minority holding in the Austrian subsidiary of AEG, the German electrical group; and 100 per cent of Unitech, which is active in light metal die-casting, plastics injection moulding and machine tools. It also makes surfboards.

Bank officials say its 32.6 per cent holding in leading construction group A. Porr is the only one not immediately for sale, although not for any ideological reasons. They see a strong earnings recovery and want to take advantage of it.

The officials say there are no barriers to non-Austrian buyers, but they would be disappointed if Austrian entrepreneurs did not take advantage of the new opportunities.

The bank says it is under no pressure to sell. However, Austria's entry into the European Union will mean having to adopt EU accounting standards and providing equity to back up its investments in these companies – something which it is poorly placed to do.

In any event, the value to the bank of its industrial holdings has declined sharply. Previously, they were in the books at cost, with substantial unrealised hidden profits. But much of this legacy has been realised to pay for the merger and heavy loan losses in the early 1990s – yet another reason to sell.

Upbeat Parmalat sees 10% rise

By Andrew Hill in Milan

Parmalat, the Italian dairy products and foods group, expects to lift profits and sales by more than 10 per cent in 1995.

Mr Domenico Barili, managing director, said yesterday that before acquisitions, the group was estimating a 15 per cent increase in profit after tax and minority interests, to L120bn ($70m), compared with L104bn in 1994.

Sales are forecast to rise to L4,103bn from L3,606bn in 1994, assuming no acquisitions are made.

Debt in 1994 rose to L959bn from L822bn a year earlier, and net interest charges increased to L101bn from L89bn. Mr Barili estimated that interest charges in 1995 would rise to L104bn, and that debt levels would be slightly higher.

Parmalat aims to become world leader in the supply of long-life UHT milk, and is targeting the US – where long-life milk has only a tiny share of annual milk sales of L46,000bn – as one important new market. Mr Barili said the group hoped that by the end of the decade, UHT milk would account for 10 per cent of the US market.

Mr Barili said Parmalat was set to launch new brands of milk on the Italian market "in the next two months". The move is designed to defend its dominance against so-called "hard discount" stores, which are challenging well-known brands with own-label or cut-price products.

Italy now accounts for 55 per cent of Parmalat's sales, compared with 88 per cent five years ago.

Meridien BIAO denies that it plans acquisitions

By Joel Kibazo in London

Meridien BIAO, the troubled banking group operating in 20 African countries, yesterday denied reports it was intensifying its acquisition programme with the purchase of banks in Ivory Coast and Benin.

Mr Jean-Louis Ekra, the group's west Africa manager, was quoted as saying Meridien BIAO was anxious to conclude a deal to buy Banque Real, owned by the Ivory Coast government.

Mr Ekra said: "We are in talks with local private investors in both countries, but obviously there may be some delays now because of our current problems."

He said Mr Andrew Sardanis, the group's chairman and founder, was in New York holding talks to win capital for the group.

However, a Meridien BIAO official in London denied it was about to expand. He said: "It is more appropriate that such plans are placed on hold until the reorganisation of the network is completed."

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INTERNATIONAL COMPANIES AND FINANCE

US pension funds lift investment overseas despite market turmoil

By Norma Cohen, Investments Correspondent

Turbulence in international equity markets in 1994 has not deterred US pension funds from continuing to increase their holdings of non-domestic securities last year.

Some $40bn of cash was sent abroad last year by US pension funds, whose total international assets are now $303bn, double their value just two years ago, according to data compiled by InterSec, the US-based pension fund consultancy.

In spite of difficult conditions – particularly in Latin America – emerging markets also gained from US pension fund cash.

Last year, the funds invested a further $6.6bn in emerging markets, of which $5.1bn went into equities. US pension funds had a total of $28.3bn invested in emerging markets at the end of last year, InterSec said.

The sharp increase in US pension fund assets may be transforming private investment in emerging markets, a new study suggests.

The International Finance Corporation, the investment arm of the World Bank, which looked at foreign investment up until the end of 1993, has found foreign private investment now far outstrips public sector investment.

Moreover, the latest surge in foreign investment came in 1993, the year in which US pension funds began decisively to internationalise their portfolios.

According to the IFC, so-called equity portfolio investment rose to become the single largest source of international private capital in emerging markets, totalling 40 per cent of all investment in that year.

Portfolio investment is now the fastest growing category of direct private investment, according to the study.

US pension schemes, whose total assets are estimated at $3,760bn, now have roughly 8 per cent of their total portfolios invested abroad, up from 7.4 per cent at the end of 1993 and 4.5 per cent at the end of 1992.

Meanwhile, InterSec believes that US pension fund investment abroad will continue to grow sharply over the next decade.

"Most pension schemes have a target of 15 to 20 per cent for the international portion of their investment portfolios," said Ms Alexe Nowakowski, associate consultant at InterSec.

The sharp increase in foreign investment reflects the growing view among pension fund investors that diversification out of dollar-based investments is the best way to enhance returns and reduce volatility of returns, Ms Nowakowski said.

The InterSec data show that overwhelmingly, equities are the beneficiaries of the US pension fund cash, attracting $34bn of the 1994 total.

Trends in Private Investment in Developing Countries 1995, Statistics for 1980-93: The World Bank and the International Finance Corporation, 1818 H Street NW, Washington DC 20433, USA.

Pancon back in court over Renison bid

By Nikki Tait in Sydney

Pancontinental Mining, the Australian mining group fighting an estimated A$440m (US$326m) bid from Renison Gold Fields, yesterday returned to the courts claiming that the bidder had unlawfully used confidential information about its affairs to mount the bid.

Renison is 40 per cent-owned by Hanson of the UK.

Pancon alleges that "crucial internal proprietary and confidential information belonging to Pancontinental and certain of its joint venture partners" had been "obtained and unlawfully used" by Renison in formulating the offer.

It said it was seeking the return of the information and restraint on its further unauthorised use.

Pancon's claims centre on the role played by Mr Peter Cornell who, as a senior manager at Coopers & Lybrand, was involved in a valuation of Pancon two years ago, and had access to internal budgets and mine models.

Last June, Mr Cornell was seconded to Renison, where he was worked on corporate and project development.

Pancon said yesterday that, among the Renison documents which came to light as a result of recent court proceedings, was a memo from Mr Cornell to Mr George Lloyd, Renison's exploration and development manager.

"This highlighted that Mr Cornell had been working with Renison in relation to Goldfields' bid as late as February 21", two days before the Renison bid was launched, Pancon claimed.

Since the memo surfaced, Renison and Coopers have been obliged to produce further documents.

"Based on the available evidence" Pancon's lawyers advised in favour of yesterday's lawsuit at the weekend, Pancon said.

Yesterday, advisers to Pancon – which has not sought an injunction to prevent the bid from proceeding – said they estimated that the matter could be heard within three weeks if proceedings were expedited.

Renison, however, said that it unequivocally denied the claims and believed the litigation clouded the real issue – the merits of its bid.

NEWS DIGEST

Hugo Boss sees growth despite strong D-Mark

Hugo Boss, the German male fashion company controlled by Marzotto of Italy, expects further growth this year after improved sales and profits in 1994. The company, however, is feeling the impact of exchange rate turbulence, writes Andrew Fisher in Frankfurt.

Mr Peter Littmann, chairman, said turnover should grow by around 2 per cent this year after allowing for the effect of the stronger D-Mark. Without currency shifts, sales growth would be around 7 per cent.

Net income rose by 8 per cent last year to DM52.4m ($37.94m), with turnover 1.3 per cent higher at DM857m. Earnings per share were DM86, against DM71.

The company recorded favourable growth in foreign markets, with a 16 per cent rise in Canadian sales to DM25m and one of 3 per cent in the US to DM154m.

Turnover in Japan rose by around 20 per cent last year, with steep growth in Central and South America.

The German market was disappointing with a 5 per cent decline in sales, but the rest of Europe was more favourable, especially in Scandinavia, the UK, Denmark and the Netherlands.

Boss has already announced a dividend increase of DM11 a share to DM34 as a result of its improved profits.

Nokia to expand facilities in US

Nokia, the Finnish telecommunications group, is seeking a site in the US for a new research and development and manufacturing facility for its mobile telephone systems, writes Hugh Carnegy in Stockholm.

The group, the world's biggest producer of mobile telephone handsets after Motorola of the US, said the new factory would focus developing digital GSM mobile telephone systems and the manufacture of base stations for GSM networks.

It said yesterday it had not yet decided where the investment would be made, nor on its size, but it expected to announce a decision within weeks.

The new factory is scheduled to become operational early next year.

It will be its second manufacturing unit in the US and the sixth outside Finland.

Nokia already makes mobile handsets in Fort Worth, Texas and has other manufacturing facilities making handsets or base stations in Germany, the UK, South Korea and Hong Kong.

Provigo ahead despite C$145m write-off

Provigo, Canada's second-biggest food distributor, improved operating performance in the year ended January 31 1995, but wrote off a C$145m (US$104m) loss on the sale last November of its California supermarket subsidiary, writes Robert Gibbens in Montreal.

For the year, net income was C$55.6m, up 33 per cent from a year earlier, but after special charges, there was a loss of C$98.3m, or C$1.22 a share, against a loss of C$108.2m, or C$1.33. Sales were C$6.17bn, compared with C$6.2bn.

Fourth-quarter net income before special items was up 38 per cent to C$14.9m on sales of C$1.3bn, against C$1.24bn.

Provigo has been restructuring under new senior management. Disposal of the US unit has eliminated a big uncertainty and the focus is now wholly on rebuilding market share in eastern Canada and improving profitability, said Mr Pierre Mignault, president.

Qantas 'positive' over Air NZ/Ansett deal

Mr James Strong (left), managing director of Qantas, the Australian airline which is due to be privatised later this year, said yesterday that any purchase by Air New Zealand of shares in Ansett, Qantas' main domestic rival, was likely to be positive for Qantas, writes Nikki Tait in Sydney. However, he indicated that such a move would not necessarily have repercussions for Qantas' near-20 per cent interest in Air NZ.

There has been speculation that Mr Rupert Murdoch's News Corporation, which holds 50 per cent of Ansett, is keen to offload its stake, with Air NZ suggested as a possible buyer.

Asked yesterday about the implications of a News-Air NZ deal for Qantas, in which the federal government has a 75 per cent interest, Mr Strong said he thought the impact "is more likely to be positive than negative, but it depends so much on the terms and conditions... that it requires some caution".

However, he stressed that the fate of Qantas' stake in Air NZ remained a separate matter. "One does not affect the other," he said.

SHL Systemhouse falls in second quarter

SHL Systemhouse, the Canadian information services group, said operating losses in British and international operations and continuing reorganisation in North America reduced profit sharply in the second quarter ended February 28, writes Robert Gibbens.

Net profit for the period was C$2.6m, or 4 cents a share, down from C$5.4m, or 10 cents, a year earlier.

Revenues rose 14 per cent to C$332m, with outsourcing and US systems integration revenues up 37 per cent and 35 per cent respectively.

Excluding the international problems and reorganisation costs, profit would have been 12 cents a share.

First-half net profit was C$5.9m, or eight cents a share, against $10.1m, or 19 cents, on revenues ahead at C$639m from C$559m. The order backlog is C$2.4bn, up from C$1.5bn a year earlier.

Hudson's Bay share plan

Hudson's Bay, Canada's biggest retailer, will present a shareholders' rights plan at its May 25 annual meeting, writes Robert Gibbens.

The Thomson family, which bought control 15 years ago, reduced its holding from 65 per cent to 25 per cent in 1992 and has since reduced it to 23 per cent.

Bay shares have been trading well below book value since Wal-Mart, the US retailer, entered Canada early last year.

Some analysts regard the Bay as a potential takeover target for a US retail group.

INTERNATIONAL COMPANIES AND FINANCE

US West to create two classes of stock

By Maggie Urry in New York

US West, the telecommunications group, is hoping to improve its share rating through a plan to create two classes of shares reflecting the two sides of its business. The company would remain a single entity, but could use the new shares to make acquisitions.

Mr Richard McCormick, chairman and chief executive, said: "We have felt for some time that the financial market is undervaluing our stock."

The plan would help investors "realise full value from the company's long-term strategy while enhancing our financial flexibility", he added.

In morning trading, the shares rose $⅝ to $42¼.

Under the scheme, which is subject to shareholder approval at an autumn meeting, the existing shares would track the performance of the US West Communications group, which operates the Baby Bell regional telephone business. The group's dividend, currently 53.5 cents a quarter, will continue to be paid on these shares.

In 1994, US West Communications had sales of $9bn out of a group total of $11bn. It posted net income, excluding one-off items, of $1.12bn, out of a total $1.23bn.

Shareholders would be given new shares in US West MediaVision which would reflect the group's developing businesses. These shares would not pay a dividend, but might be expected to command a higher rating as they would be linked to the faster growing multimedia, wireless, directory and international activities.

These include a 25.5 per cent stake in Time Warner Entertainment which is the cable and entertainment subsidiary of Time Warner; the recently acquired Atlanta cable TV business; US West's stake in the Mercury One-2-One mobile phone joint venture in the UK, and its interest in TeleWest, the UK cable and phone operator.

Telecoms groups in $1.8bn merger

By Louise Kehoe in San Francisco

Frontier Corporation, formerly Rochester Telephone, has merged with ALC Communications to form the fifth-biggest US long-distance telephone service group in a deal valued at about $1.8bn.

Frontier is a local telephone company which has diversified to offer long distance and wireless communications services.

The company has long distance revenues of about $500m.

ALC, through its wholly owned subsidiary Allnet, offers long distance telephone services to small and medium sized business customers and has recently announced cellular and paging services.

The merger will create a company with consolidated revenues approaching $2bn and long distance revenues of about $1.4bn.

This ranks the merged company fifth in the US long distance market, behind AT&T, MCI, Sprint and LDDS Metromedia Communications.

ALC shareholders will receive two shares of Frontier stock for each share of ALC stock, giving Frontier shareholders a 49 per cent stake in ALC.

"By combining the rapidly expanding long distance businesses at Frontier and ALC, we have achieved critical size and scope – two strategic elements necessary for long-term success in this industry," said Mr Ronald Bittner, Frontier chairman and chief executive. "We expect to be at the forefront of the changing telecommunications landscape."

The combined company will serve nearly 2m customers throughout the US.

Executives from both Frontier and ALC will assume management roles at the new company.

"Our plan is to reduce costs through significant network efficiencies, lowering corporate expenses and overhead, and combining operations," said Mr Bittner.

Goodyear sees first-quarter gain

By Richard Tomkins in New York

Goodyear, the US tyre maker, yesterday said it expected to report first-quarter net income of $130m to $133m – up from $116m last time – and has appointed an heir-apparent to Mr Stanley Gault, the company's much-admired chairman and chief executive.

Shareholders at the company's annual meeting in Akron, Ohio, were told that Mr Samir "Sam" Gibara, 55, had been elected president and chief operating officer. In that position be will be seen as a likely successor to Mr Gault, 69, who is expected to retire this year.

Mr Gibara replaces Mr Hoyt Wells, 68, who is retiring. Born in Egypt, Mr Gibara has spent most of his 29 years with Goodyear on assignments overseas, particularly in France. But for the past year he has been executive vice-president in charge of Goodyear's North American business.

Mr Gibara will take up his new post on Saturday. Goodyear said he would focus on Goodyear's world-wide tyre business while Mr Gault focused on engineered products, chemical products and the oil transportation business.

Mr Gault told shareholders that Goodyear expected record first-quarter sales of $3.1bn on April 25, up from $2.9bn last time. Earnings per share were expected to be between 86 cents and 88 cents, up from 77 cents last time.

Goodyear has experienced strong demand for its products amid high US car sales, and increased its prices in January. However, the company has also suffered big increases in raw material costs.

Dofasco in C$200m expansion

By Robert Gibbens in Montreal

Dofasco, one of Canada's two biggest steelmakers, is investing C$200m (US$144m) to expand capacity at its Hamilton plant, near Toronto.

Dofasco will install an electric arc furnace and slab-casting facilities with annual capacity of 1.35m tonnes. This will replace outside purchases of 900,000 tonnes yearly of slab steel for re-processing.

Dofasco's hot-rolling capacity will rise a net 450,000 tonnes yearly by 1996 from 3.55m tonnes now. Overall capacity will reach 4m tonnes of steel yearly.

"Dofasco will be producing high quality flat-rolled steel with one of North America's lowest cost facilities," said Mr John Mayberry, president. The new furnace will use 70 per cent scrap and 30 per cent liquid iron from the company's existing blast furnaces.

The electric furnace technology will enable the mill to use 70 per cent scrap fed with 30 per cent liquid iron mix, reducing dependency on scrap. The mill will employ 220 to 240 people, Dofasco said.

Dofasco shut down an ingot-cast plant late in 1993, leading to the heavy outside purchases. Critics claim it could have been upgraded for C$100m to catch the turnround in North American steel markets, but Dofasco maintains it made the decision during the recession and had little choice.

Dofasco and Co-Steel are building a joint venture US$300m mini-mill in Kentucky, due to start production in 1997.

Kinross details spending plans for mines

By Robert Gibbens

Kinross Gold, which was spun off in 1993 from Falconbridge, the Canadian base metals producer, is investing heavily in its biggest property, the Hoyle Pond mine in Ontario.

Kinross plans to spend nearly C$35m (US$25m) by 1996 to expand the mine and mill, and add to reserves.

Hoyle Pond, near Timmins, one of Canada's oldest mining regions, is expected to reach output of 150,000oz in 1996, nearly triple 1994 production.

Kinross is also spending heavily on other Canadian properties and mines in Idaho and Nevada. Overall, total spending will be C$61m in 1995. Its total production target is 400,000oz-500,000oz in 1996.

Digital takes on IBM with Alpha server

By Louise Kehoe

Digital Equipment has introduced computers which it claims are the world's most powerful server systems for large commercial and scientific applications traditionally run on mainframe computers.

The Digital systems are the first to be based on the company's latest 64-bit Alpha microprocessor chip, which processes up to 1bn instructions a second.

Digital said the new servers would cost about one-tenth the price of the most widely used mainframes.

The new Alpha servers will place Digital in direct competition with IBM's mainframes and Hewlett-Packard's high performance systems.

The success of Digital's Alpha technology is a crucial element of the company's effort to return to sustained profitability.

The company said total Alpha revenues to date have exceeded $3bn. "We expect to have reached $4.5bn worth of Alpha systems and services before our main competitors ship their first 64-bit system," said Mr Robert Palmer, Digital president and chief executive.

Separately, Oracle, the world's leading database software company, introduced a new version of its database software with a "very large memory" option. It will enable businesses to run the database portion of applications such as data warehousing and online transaction processing up to 200 times faster than on current 32-bit systems.

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INTERNATIONAL COMPANIES AND FINANCE

AMP blames sharp fall on investment climate

By Nikki Tait in Sydney

The Australian Mutual Provident, Australia's largest life insurer and also owner of the Pearl and London Life groups, yesterday reported a sharp fall in 1994 profits, making A$427m (US$316.8m) before tax compared with $3.2bn in the previous 12 months.

After a A$79m tax surplus in 1994, against 1993's A$1.09bn charge, net profits were A$506m, down from A$2.11bn. The figures refer to the core Australasian operations, and exclude results from the Pearl as well as the AMP's general insurance interests.

However, the insurer blamed the poor investment climate in its core markets for the reversal. While investment income was slightly lower at A$2bn, compared with A$2.2bn a year earlier, the damage was done by a A$2.96bn write-down of investment assets. In the previous year, assets were written up by A$5.12bn.

As a result, there was a net A$947m charge in respect of investments in 1994, compared with a A$7.36bn surplus in 1993.

More positively, the AMP said total premium income stood at A$4.64bn last year, against A$3.93bn previously. Single premiums were up from A$1.43bn to A$2.25bn, more than offsetting a dip in other premium income from A$2.5bn to A$2.34bn. The AMP claimed to have gained market shares in most areas.

Operating expenses were also lower at A$832m, compared with A$935.3m, although about one third of the improvement flowed from lower "operational review and redundancy costs".

Yesterday, Mr George Trumbull, managing director, said some further savings would be possible in the current year, though of a lesser order. He suggested that larger expenses savings would now come from the UK, rather than the Australian, operations.

Commenting on the results, Mr Trumbull said that some investment trends had been more favourable recently, although he acknowledged that it was still fairly early in the current financial year.

He reconfirmed that the insurer's board is likely to consider the merits of demutualisation later this year, once an internal study is completed.

Mr Trumbull also restated his belief that the AMP could eventually become a four-division business – with units of roughly equal weight in Australasia, the UK, the US and Asia – but said that no acquisitions were currently under discussion.

Reuter

George Trumbull: 'investment trends more favourable recently'

Taiwan to sell more stakes in state banks

By Laura Tyson in Taipei

Taiwan plans to raise T$15.64bn (US$609m) by selling further small stakes in the island's big three state-run commercial banks and two other government banks to finance government spending.

A finance ministry budget paper shows that the ministry plans to sell 161m shares of the Farmers Bank of China at T$57 each to earn T$7.59bn, and 114m shares of Chiao Tung Bank, with a price of T$50 a share, to raise T$4.56bn.

The ministry proposes raising T$1.73bn by selling 10.4m shares of First Commercial Bank at T$176 each, and hopes for T$220m by selling 1.24m shares of Hua Nan Commercial Bank at T$188.

It also plans to sell 8.87m shares of Chang Hwa Commercial Bank at T$184 a share, raising T$1.54bn.

The "big three" commercial banks, criticised as bureaucratic and inefficient but still highly profitable, dominate the domestic banking system and are controlled by Taiwan's provincial government.

The central government decided several years ago to give up its majority stakes in the banks, but has been at loggerheads with the provincial assembly, which has passed a law preventing more than 49 per cent of each bank's shares being transferred into private hands.

Dow seeks profitable German formula

Judy Dempsey examines some of the problems facing the US group's ambitious chemicals venture in eastern Germany

One of the last, and most ambitious privatisations undertaken by the German government in eastern Germany was completed last week when it sold the region's huge chemical works to Dow Chemical of the US.

Mr Elmar Deutsch, president of Dow Deutschland, says the company wants to use Buna, Böhlen and Leuna (BSL) "not only to expand its operations in Germany, but to provide a springboard to serve the growing and emerging markets of central and eastern Europe."

The deal was concluded after several failed attempts by the former Treuhand privatisation agency to attract a buyer for a chemical industry which had run up heavy losses since German reunification in 1990.

The complex, built during the 1930s and expanded between 1939-45 to support the German war machine, had been further developed by East German communists to make the country self-sufficient in chemical products.

But the introduction of German monetary union in 1990, which precipitated the collapse of east Germany's manufacturing base, exposed the lack of competitiveness of the region's chemical sector.

Mr Klaus Schucht, a former Treuhand board member and now economics minister of Saxony-Anhalt, says BSL had losses of DM2.5bn-DM3bn between 1990 and 1994. Over this period the workforce had been cut from 25,000 to 5,300.

In spite of the losses, the Treuhand and the German government made a political decision to save BSL, which they hoped would help revitalise the region's industrial base. A big investment programme followed, and over the past four years more than DM10bn has been poured into the chemical industry. Last year, BSL's losses were DM300m ($217m) on turnover of DM1bn.

But can Dow make BSL competitive, particularly since its faces strong competition from its west German counterparts?

"Given the advantages which Dow gained through its purchase contracts, I think it can turn BSL around," says Mr Harold Gruber, chemicals analyst at Nomura Research in Frankfurt.

Dow has committed itself to investing DM4bn over the next few years, and well over half of the investments will be supported by the German taxpayer. "Like most big investments in eastern Germany, Dow will be supported by generous tax breaks, state and federal grants," says Mr Gruber.

In addition, the Bundesanstalt für vereinigungsbedingte Sondereaufgaben (BvS), the successor to the Treuhand, will continue to pick up losses and costs for cleaning up the environment.

Dow can also count on lower labour costs. East German wages are about 20 per cent lower than in west Germany. But productivity levels lag those of west Germany, in some cases by 70 per cent.

The US group will also install highly efficient equipment. "Plants will be equipped with the best and provide big advantages for Dow," Mr Gruber says.

Dow intends to build four new units at BSL, including a new polypropylene plant which will produce 200,000 tonnes a year and a new Dowlex unit, capable of producing 210,000 tonnes a year. This material is used in a broad range of polyethylene applications.

These advantages, however, may be outweighed by three problems.

The first is the growing competitiveness of the west German chemical industry. After a period of restructuring, sales this year are expected to grow by 6 per cent, helped by a 2 per cent rise in prices, compared with a 4 per cent rise in volume growth last year. "Dow will have to keep prices down and become really cost effective to compete with the west Germans," says one former consultant to the Treuhand.

The second concerns BSL's competitiveness in costs, particularly for energy prices. Dow intends to buy its steam electricity from VKR, the west German electricity company which, along with NRG of the US and PowerGen of the UK, is building a power generating plant at nearby Schkopau.

The problem with Schkopau is that its owners, which are investing DM2.3bn in the plant, are seeking a return on their investments in the form of high energy prices. "Given the very high amounts of energy needed for BSL, Dow will require cheap energy from VKR. This is not yet available at the right price for Dow," says a consultant to the BvS.

The third difficulty facing Dow is the cost of producing naphtha, an inflammable oil obtained by the dry distillation of organic substances, such as coal or petroleum.

This will be produced at Leuna and be passed on to Böhlen, the site of the steam cracker. The steam cracker will produce the main building blocks for derivative plants at all three sites, while Buna will produce polypropylene (used in the car industry), fabrics and building and insulation materials.

Dow says it will upgrade Böhlen to make the cracker "globally cost-competitive in scale, technology and feedstock flexibility." This may require a second cracker, whose location has not yet been decided.

"We have to find out if it will be economically viable to transport feedstock to the region instead of producing it directly on the site," a former Treuhand consultant says. This would require Dow to build a pipeline from the east German port of Rostock to Böhlen if it wanted to achieve prices that were 30 per cent lower than the market rate, he added.

"If Dow can crack these problems, and if we are looking at the long term, the company's decision to go into eastern Germany will have paid off," a former Treuhand consultant says.

UK and French water groups in joint venture

By Nikki Tait

France's Compagnie Générale des Eaux and Thames Water, one of the UK's biggest water companies, are to form a 50:50 joint venture to pursue water projects in Australia and the expanding Asian markets.

News of the venture has come to light because of plans by the two companies to tender jointly for a A$1.5bn (US$1.1bn) water and sewage treatment contract being offered by the South Australian government.

However, Mr Kevin Doyle, managing director of CGE Australia, said yesterday the partnership would go ahead regardless of the outcome of the tender.

The aim, he said, was to share technological skills and expertise, as well as financial and operational risk on Asian-Pacific projects.

Mr Doyle cited Indonesia, China, Malaysia, Thailand, India and the Philippines as countries where joint tendering opportunities were likely to emerge.

The company would probably look for external backing, and within five years could become a stock market-listed company, Mr Doyle added.

If the companies' tender for the South Australian project were successful, the joint venture would be based in South Australia, using the tender company as the future joint venture vehicle, he said.

If the tender were lost, the joint venture would probably be headquartered elsewhere in Australia.

The South Australian project involves the operation and management of Adelaide's water and sewerage systems. The A$1.5bn value is spread over 15 years.

The outcome of the tender is not likely to be known until later this year.

Both CGE and Thames already have a presence in Australia, although CGE is a bigger force overall, employing about 1,400 people. Its operations extend into waste management and engineering.

The companies' presence partly reflects the trend among Australian state governments to outsource water-related services.

See Lex

Zapopan offer launched

Pegasus Gold, the US mining group, yesterday formally launched a A$2-a-share offer for Australia's Zapopan, whose main asset is the Mount Todd mine, writes Nikki Tait.

The offer, which was outlined last week but said to be dependent on financing, puts a value of A$323.4m (US$240m) on Zapopan.

Pegasus already owns a 58 per cent interest in Zapopan, having taken a majority stake about two years ago. It said yesterday that it now had underwritten commitments to finance the acquisition.

Profits of GFSA gold mines dip to R299m

By Mark Suzman in Johannesburg

The gold mines in the Gold Fields of South Africa stable have reported a sharp drop in after-tax profit to R299.3m ($83.4m) for the quarter ended in March. This compares with R391.8m in the December quarter.

The results, largely in line with expectations, represent a continuing decline from after-tax profits of R447.9m achieved in the September quarter.

The poor results were due to continued industrial unrest at group mines.

This was exacerbated by additional public holidays during the extended Christmas break.

According to Mr Alan Munro, executive director, violent action between groups of employees on Deelkraal and West Driefontein mines compounded an already tense situation, while what he described as "unco-operative employee attitudes" prevailed at other mines.

In spite of a reduction in total working costs to R812.79m from R815.1m, the group's lower overall production of 27,467 tonnes compared with 30,196 tonnes translated into higher unit working cost of R29,592/kg from R26,994/kg during the previous quarter.

The average gold price received dropped slightly to R43,477/tonne from R43,971/tonne previously, while the average yield per tonne of ore milled dropped to 8.7 grammes/tonne from 9.1 grammes/tonne.

Capital expenditure fell to R170.62m from R190.23m.

Mr Munro said the average gold price in dollar terms should rise in the current quarter, but rand/dollar exchange rate prospects were uncertain.

"The factors in the [gold] market are still positive," he added. Mr Munro said the weight of improved fundamentals would, in due course, boost the gold price and he expected the average dollar price to improve in the current quarter to end-June.

COMPANY NEWS: UK

Caradon buys 43% of German window maker

By Andrew Taylor, Construction Correspondent

Caradon, one of Britain's biggest building products groups, is to expand its continental European operations through a strategic stake in Weru, Germany's largest window manufacturer.

The British group has bought or agreed to buy 43.1 per cent of Weru's shares. The company, which also produces doors, controls 5 per cent of the German window market.

The deal values Weru between DM528m (£235m) and DM271m (£255m) depending on the purchase price of the shares which is between DM920 and DM1000.

Caradon, which is expected to try to buy all of Weru, has acquired a 5.6 per cent stake and received offers for a further 16.2 per cent at DM920 a share. It has also agreed to pay DM1,000 a share for a further 21.3 per cent, provided it is allowed by the German Cartel Office to increase its holding above 24.99 per cent.

It has taken advantage of a slump in share prices to make its purchases. Weru's price of DM1,300 last autumn had slipped to DM799.5 last Friday and was below DM700 earlier this year.

The decline followed a profits warning and reports of management problems culminating in the resignation, last October, of Weru's finance director, Mr Bernd Grenner. The company subsequently announced that post-tax profits had fallen last year from DM38.8m to DM31.7m.

The fall has been blamed on loss-making acquisitions in Italy and Poland and margin pressure due to higher overheads, as well as tough international competition for lower-priced German windows encouraged by the high value of the D-Mark.

Mr Peter Jansen, chief executive, said: "Management is well on its way to resolving its problems. It produces a high quality product with some of the most technically advanced manufacturing facilities in Europe. We should be able to take advantage of that."

Caradon is Britain's second largest window producer with a 5 per cent market share.

Lex, Page 18

Unilever director receives £883,000

By Roderick Oram

Mr Niall FitzGerald, the Unilever vice chairman who supervised last year's launch of its troubled Persil and Omo Power detergents, was the highest paid executive in the Anglo-Dutch consumer goods group. He received total compensation of £883,202 last year while Sir Michael Perry, chairman of the UK arm, earned £854,839, up 24 per cent.

Mr FitzGerald was also granted the most share options – 64,060 – of any director, according to the annual report. He exercised 68,941 options although two other directors exercised more.

Unilever suffered a 13 per cent fall last year in sales volume in European concentrated fabric detergents, one of its key products, as a result of its difficulties with Power detergents.

Mr FitzGerald's pay and benefits of £679,803 included a relocation grant while his bonus of £184,437 included the exercise of some "mirror" share options although part was related to group performance. He received a £18,962 pension contribution.

T&N warns on asbestosis claims

By Tim Burt

T&N, the motor components and engineering group, has said its insurance cover to meet asbestos claims is virtually exhausted at a time when it faces "numerous personal injury claims" in Britain and the US.

In its annual report, published yesterday, T&N warned that asbestosis-related charges this year would be up to £10m higher than expected, at about £50m, following an increase in US claims. The company, which as Turner & Newall was formerly one of Britain's largest asbestos suppliers, last November announced a £100m provision against future asbestos claims as insurance cover was close to being used up.

Since then it has also warned of a 44 per cent cut in the 1995 annual dividend to 6p "to conserve cash", again blaming rising litigation costs.

Asbestosis claims in the US rose last year ahead of the introduction of a "global settlement" drawn up by the Center for Claims Resolution (CCR), an organisation representing asbestos companies which has agreed fixed payments for asbestos disease victims.

Since the CCR started processing claims, T&N has discovered that it will have to bear a higher proportion of the settlement costs following a shift in claimants from shipyard and insulation workers to employees in the construction and process industries. Although these payments are expected to remain a significant drain on profits in the short term, the company said "We expect annual charges for disease-related claims to decline progressively after 1996."

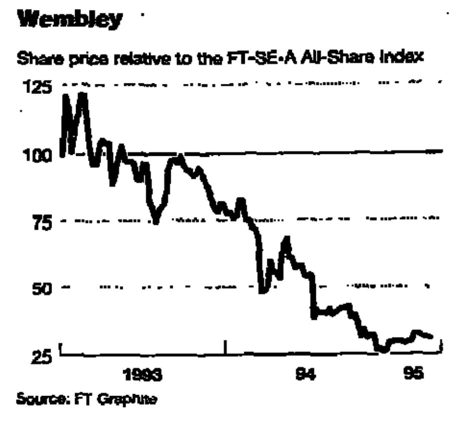
LEX COMMENT

Wembley

After almost 12 months of negotiations and more than £15m of fees, Wembley is today set to come off the injury list. But it could end up short of fans in its restructured form. Last year's £36m losses may look good against the £66m shortfall in 1993, but Wembley is failing to break even before substantial interest bills. Hence the latest rights is priced at 2p against the 30p pricing of the 1992 rescue rights.

After restructuring, Wembley's debt will be halved to £72m, revenues will increase after it repurchases a property portfolio, and net assets will be close to £150m. But it will be a long way from any premier investment league. A weak recovery in consumer demand makes it difficult to push up prices. Meanwhile Olympia and Earls Court are providing greater competition as venues for conferences, exhibitions and concerts. Wembley's stadium, arena and conference centres all need face lifts, but debt remains high – and the architect of the disastrous foray into various leisure businesses, Sir Brian Wolfson, remains at the helm, albeit demoted to executive deputy chairman.

One potential ray of sunshine is the Millenium fund, which has £100m to invest in a national stadium. Wembley will fight for cash for refurbishment – a substantial potential bonus for shareholders. But the government might prove sensitive to charges of subsidising a weak market-listed company. The alternative, paying for a new national stadium, represents a substantial downside for Wembley.



Wembley borrowings still more than £70m despite revamp

Wembley, the debt-burdened venue and greyhound track operator, is today expected to admit that its long-awaited refinancing will still leave the group with borrowings of more than £70m, writes Tim Burt.

Ending nine months of speculation over its future, the owners of the famous north London stadium will ask investors to back a £62.5m rescue rights issue and £53.7m debt-for-equity swap, which will severely dilute stakes held by existing shareholders.

Under the terms of the reconstruction, net debt would be halved to £72.4m with the group tied to a £82.5m borrowing facility, of which almost £20m must be repaid by the end of the decade.

The capital reconstruction should also reduce Wembley's heavy interest payments, which last year fell from £16.2m to £14.9m. Those payments – coupled with a £4m operating deficit and a £17.9m loss on the disposal of business – resulted in pre-tax losses of £36m (£65.7m) for 1994. In a bid to cut costs further, the group is expected to announce that it has agreed to repurchase a portfolio of buildings, including Wembley Arena, which were costing £5.8m a year to rent following a £37.5m sale and leaseback arrangement in 1990.

Signet hits out at rebel shareholders

By Tim Burt

Signet, the embattled jewellery retailer formerly known as Ratners, yesterday launched a fierce attack on rebel shareholders who have called an extraordinary general meeting to consider the possible break-up of the group.

The company condemned moves forcing it to seek offers from potential purchasers, warning that it could undermine attempts to restore profits and cut its £350m debts.

Shareholders led by MD Sass, the New York investment manager, have urged Signet to draw up a three-month timetable in which it would either find potential buyers for its operating arms or come up with other plans to reduce borrowing and its £100m arrears on preference dividends.

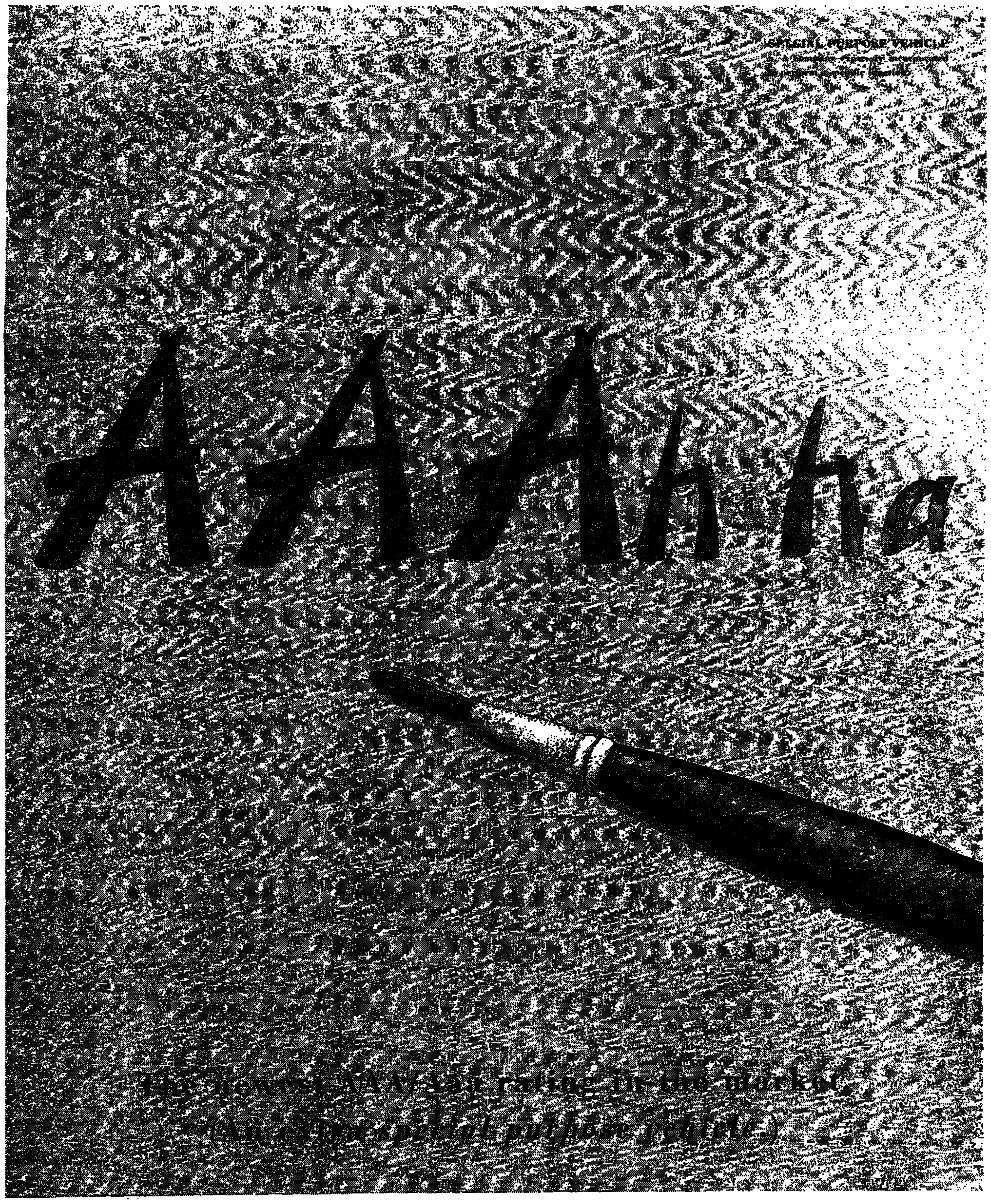
Mr James McAdam, chairman, accused the preference shareholders of holding the group to ransom over the future of Ernest Jones and H Samuel in the UK and Sterling in the US, its retail subsidiaries. Announcing an extraordinary meeting for next month, he warned: "This makes absolutely no sense for shareholders. Putting the businesses into a highly public, three-month forced sale is certainly not the way to realise their full value."

His comments prompted an angry response from the rebel investors, who branded Signet as "weak and confused".

"If the board feels there are better ways to rescue the company they should present them," said a spokesman for MD Sass. His view was echoed by the UK Active Value Fund, which played a leading role in the restructuring of the property group Greycoat and has 25 per cent of Signet's US convertible preference shares. "We want to explore what the businesses might be worth and how to divide the spoils if a sale is the best option", one of the fund's managers said.

Signet warned such a sale could derail a rationalisation programme which has seen it close 435 under-performing stores, cut operating costs by more than £100m and post a small profit for the 12 months to January 28. That strategy had paid off with pre-tax profits of £8m against losses of £85.4m in 1993-94.

US profits, however, fell from £40.4m to £30m and Mr McAdam said trading conditions remained tough in Britain and the US. He also questioned the influence of the rebel shareholders – claiming they controlled less 3 per cent of the voting rights – and suggested that victory for their proposals would hamper attempts to agree new lending facilities.



COMPANY NEWS: UK

Raine chief forced to quit

By Andrew Taylor, Construction Correspondent

Shareholder pressure has forced the removal of Mr Peter Parkin, former chairman and chief executive of Raine, who ran the housebuilder and construction group for almost nine years.

Raine announced last month that it was halving its interim dividend to 0.5p after pre-tax profits fell by 69 per cent to £3.44m during the six months to the end of December.

Mr Roy Barber, a former finance director of Amec engineering and construction group and company doctor, has been appointed non-executive chairman and will run the group. He said as yet there was no plan, to appoint a new chief executive.

Mr Parkin last month said he would stand down as chairman in favour of Mr Barber but continue as chief executive. But after the interim results, institutional shareholders made it clear they wanted a change.

Mr Barber announced yesterday Mr Parkin was resigning as a director of Raine but would remain as a consultant until May 1996 "to oversee the completion of certain project". Mr Parker, who was on a three-year rolling contract, will receive about £350,000 from the consultancy; a further £117,000 will be paid into his company pension.

Shareholders' dissatisfaction increased after a string of acquisitions, mainly for shares and promoted by Mr Parkin, failed to stop a profit slip.

Two acquisitions in particular have been criticised: the £28.5m purchase of Walter Lawrence, the struggling UK and US housebuilder in 1992, and the £26.3m acquisition in 1989 of Plumb Holdings, the UK and German shop and interiors fitter.

Mr Parkin blamed the latest profits fall on increased losses from Plumb in the UK and from Californian housebuilding. The company has said it will sell Plumb, Californian housing and its UK commercial property interests.

The number of Raine shares has more than trebled from 50m to 188m since 1986 when the company was revamped by a reverse takeover of Miller Wheeldon, a small Yorkshire building contractor run by Mr Parkin which had previously merged with a private property investment company.

Mr Nigel Rudd, chairman of Williams Holdings, supported the takeover and remained chairman of Raine until the end of 1993. He is no longer a director but still owns just under 1m shares.

The company's share price which stood at 136p in April three years ago rose yesterday by 1½p to 29p only just above its low point of 28p.

■ **PROPERTY – By Simon London**

Disappointments add to sense of gloom

Results season

Round-up

Recent full year results from UK property companies have added to the sense of gloom hanging over the sector. Property shares have underperformed the wider stock market by 14 per cent since last July and looked poised for a rally until results from two of the largest companies, Slough Estates and Hammerson, showed that property values barely increased last year and are now falling.

Slough Estates, which owns a very large industrial estate to the west of London in addition to international properties, was the first to disappoint the market. The value of its UK assets increased by 3.6 per cent during 1994. Industrial properties advanced by just 0.7 per cent.

Since overseas assets fell in value by 5.2 per cent, the company managed to improve net assets per share by only 2.6 per cent over the year, well below analysts expectations.

Even though pre-tax profits improved by 20 per cent, the company felt earnings were still too low to warrant an increased dividend. This underlined that the prospects for dividend growth from property companies are poor compared with other sectors of the stock market.

Hammerson, which has been restructuring its portfolio under Mr Ron Spinney, who took over as chief executive two years ago, showed a similar pattern of performance. UK assets increased in value by 3.6 per cent, but falls overseas limited the overall rise in the value of the portfolio to just 1.1 per cent. Although Hammerson increased net assets per share by 9 per cent, helped by the sale of its Australian portfolio for a price well above book value, and earnings per share by 40 per cent, the company also decided not to increase its dividend.

Some of the smaller companies in the sector have fared better. Derwent Valley Holdings, which specialises in buying and refurbishing property in central London, showed a 19.5 per cent increase in net assets per share during 1994. Argent, the property investment and development company which floated on the stock market last summer, achieved a 15 per cent increase in net assets per share, based on an 8 per cent advance in the value of its portfolio.

But even Argent's year-end net assets per share were lower than shown in its flotation prospectus. The value of its property portfolio fell by 1 per cent between the end of March, when the valuations for the prospectus were carried out, and the end of December.

Against this background, the worry is that companies with March year ends, including Land Securities, by far the biggest UK property company, will report a fall in the value of their portfolios. In this case, net assets per share would show little improvement, other than the small positive impact of retained profits.

But with property values now falling and little sign of rents rising – which ultimately will be required to drive property values higher – investors have little incentive to buy shares in the sector.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Alpha Airports	Yr to Jan 31	475.5	(423.3)	21.4	(19.2)	10.1	(8.89)	3	July 10	-	4.6	-
Amey	Yr to Dec 31	220.1	(214.4)	5.12	(2.16)	12.9	(5.5)	3	May 31	-	4.5	-
Bilton	Yr to Dec 31	-	(-)	18.8	(17.4)	14.75	(13.65)	7.04	July 21	6.805	9.93	9.64
BLP §	Yr to Dec 31	[illegible]	(27.92)	1.34	(2.32♥)	12.2	(28.2)	2	July 3	1	3	1
Britannia Group	Yr to Dec 31	46.4	(37)	1.66♠	(0.505L)	5.5	(3.9L)	1.1	June 1	nil	1.6	nil
British Dredging	Yr to Dec 31	33	(35)	2.1	(1.91)	8.34	(7.91)	3	May 26	3	5.6	5.6
Crean (James) ♣	Yr to Dec 31	253.5	(245.2)	15♠	(14.2♠)	19.7	(19.7)	8.25†	-	7.865	14.175	13.49
Dinkie Heel	Yr to Dec 31	7.54	(7.4)	0.585	(0.549)	3.47	(3.84)	0.9	May 19	0.9	1.4	1.4
Eurotunnel	Yr to Dec 31	30.5	(3.46)	[illegible]	[illegible]	53.2	(0.3)	-	-	-	-	-
Greenacre	Yr to Jan 31	5.66	(7.44)	1.58	(1.7)	0.78	(0.73)	0.19	June 30	0.18	0.35	0.33
Halstead (James)	6 mths to Dec 31	[illegible]	(31)	4.74	(4.54)	10.49	(10.16)	3	June 9	2.75	-	7.5
Moss Bros	Yr to Feb 29	71.1	(52.)	7.4	(4.06)	27.83	(16.86)	9	June 22	5.5	12	7
Olives Property	Yr to Dec 31	[illegible]	(2.29)	0.522	(0.576♥)	1.16	(3.36)	0.3	July 3	nil	0.3	nil
Severfield-Reeve §	Yr to Dec 31	[illegible]	(21.7)	0.722	(0.407)	3.07	(2.19)	0.5	May 31	0.25	1	0.5

Dividends shown net. Figures in brackets are for corresponding period. †On increased capital. §USM stock. ♣Irish currency. ♠After exceptional charge. ♥After exceptional credit.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Half hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	8.55	[illegible]	[illegible]
0100	8.56	7.86	8.65
0130	8.30	10.43	11.65
0200	8.50	10.43	11.49
0230	8.50	5.63	[illegible]
0300	8.30	8.67	[illegible]
0330	8.32	8.77	[illegible]
0400	5.51	8.77	[illegible]
0430	8.30	8.14	[illegible]
0500	8.58	8.14	8.14
0530	8.15	8.17	8.17
0600	8.65	8.16	8.16
0630	8.62	8.16	8.16
0700	10.37	8.79	8.73
0730	10.33	8.83	9.29
0800	14.62	8.34	9.30
0830	19.05	10.41	11.67
0900	19.17	10.79	12.02
0930	19.21	10.86	12.17
1000	19.76	11.04	12.27
1030	19.15	11.06	12.40
1100	19.38	11.10	12.45
1130	19.37	11.28	12.65
1200	15.07	11.37	12.77
1230	19.06	11.35	12.75
1300	19.01	11.22	12.58
1330	16.51	10.97	12.28
1400	14.78	10.78	12.07
1430	14.67	10.45	11.74
1500	14.67	10.45	11.73
1530	14.67	6.13	6.13
1600	14.67	10.97	12.28
1630	14.66	12.89	14.77
1700	18.70	16.49	18.52
1730	836.18	16.27	18.21
1800	836.17	15.11	16.61
1830	836.16	26.93	29.41
1900	12.26	30.63	33.37
1930	12.26	30.42	33.06
2000	10.40	26.79	28.53
2030	26.31	13.54	14.80
2100	26.31	10.99	12.28
2130	26.31	9.01	9.01
2200	26.31	8.90	8.90
2230	9.50	8.79	8.79
2300	9.50	8.18	8.18
2330	8.94	8.16	8.16
2400	8.90	8.16	8.16

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0116 245 6789 between 8:30am and 5:15pm Monday to Friday.
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COMMODITIES AND AGRICULTURE

Russia 'to end state's gold export monopoly'

By Kenneth Gooding, Mining Correspondent

Russia will soon end its state monopoly of gold exports, western bankers have been told. This should halt the steep fall in Russia's gold production by making it much easier to attract western capital for new projects.

Predictions about when the gold export monopoly will end range from two months to one year. Mr V.K. Yakovenko, deputy governor of the Irkutsk region and deputy chairman of Lenzoloto (Lena Gold), said yesterday he expected the gold market to be freed and Russian banks permitted to export gold in four or five months. He said a central government resolution had already been prepared as part of its objective of opening up the economy.

At present the Russian government's gold organisation, Roskomdragmet (committee for precious metals), has the monopoly of gold exports. About 100 Russian banks have been authorised to buy gold but they can sell it only in the domestic market.

Mr Yakovenko said that Roskomdragmet itself was in favour of a change that would allow these banks to export gold. "If Russia does not open up the gold market then gold production will fall – and Komdragmet will get the blame."

Roskomdragmet is supposed to pay world prices for the metal it buys from domestic gold miners. However, it fixes a price once a month and pays in a mixture of US dollars and roubles. One western banker suggested this resulted in Russian mines being paid on average about 10 per cent less than the global market price last year. Also, the Russian government has kept Roskomdragmet short of funds and miners have sometimes had to wait several months for payment.

Following the recent reform, miners were permitted to sell about half their output to the authorised banks, which pay in US dollars.

Mr Yakovenko was in London with an international "roadshow" being staged by Star Mining Corporation, an Australian company, which owns 35 per cent of Lena Gold. This joint stock company has the rights to Sukhoi Log in Siberia, the world's biggest gold deposit with reserves of 50m troy ounces and resources of 100m.

It is unofficially estimated that development of the first stage of the Sukhoi Log project will cost between US$400m and $500m. Star is obliged to provide $250m towards this in the next 18 months.

Mr Stephen Fabian of NatWest Markets, National Westminster's merchant banking arm that has been appointed Star's adviser, said the freeing up of Russia's gold market would be key to the project financing because it would open the way for low-cost gold loans to be raised in the west. His colleague, Mr Graeme Newing, in a research note about Star, says additional funds are expected to be provided in the form of project finance using various multi-lateral lending agencies as well as gold loans. "The participation of a major mining house in the project is another possibility," he adds.

A feasibility study on the Sukhoi Log project was scheduled to be completed by June but there have been delays in gaining access to some geological information because the deposit was deemed to be a "national treasure" by the Soviet authorities and these details were a state secret. Star said yesterday this problem had been overcome and the study should be ready in September.

'Quiet revolution' helps clean up agriculture

Integrated crop management has both environmental and commercial attractions

FARMER'S VIEWPOINT

By David Richardson

UK supermarket giant J. Sainsbury has called it "the quiet revolution". In a million leaflets available at its checkouts over recent months the supermarket chain has shown how the amount of pesticide used on the farm and horticultural crops it sells has been drastically reduced. It is "the biggest single change in farming for 50 years" says Sainsbury's. And it has come about because of a boring sounding initiative called "integrated crop management".

Sainsbury's is one of the food companies at the forefront of the development in the UK. But with due regard to its important role, it is not alone. Indeed ICM, together with variations on it, is becoming a worldwide agricultural phenomenon.

In the UK the initiative is described as being committed to the concept of a viable agriculture that is environmentally and socially acceptable and ensures the continuity of supply of wholesome, affordable food while conserving and enhancing the fabric and wildlife of the British countryside for future generations. A bit of a mouthful, perhaps, but it is the mission statement of one of the leading organisations promoting ICM in this country.

LEAF (linking environment and farming) is a charity (with which I happen to be involved) that seeks to disseminate to farmers and consumers alike the benefits of environmentally responsible farming methods. Those benefits are not only to consumers and the countryside. For it is becoming clear from independent research that with careful management it is possible for farmers to reduce inputs of pesticides and fertilisers without significant loss of yield. In other words to maintain or increase profits by reducing costs rather than by increasing output, with obvious associated environmental advantages.

Research into such systems is now widespread and is growing as the economic as well as the ecological implications become clearer. The Ministry of Agriculture, for instance, through its Link programme, co-funded by industry, is beginning to define the agronomic and economic criteria for success. Agrochemical companies, conscious of the need to preach the responsible use of their products, are also encouraging their clients to adopt acceptable practices.

Indeed one of them, Rhone-Poulenc, is today co-sponsoring a conference on ICM at the National Agricultural Centre at Stoneleigh in Warwickshire. Its title is "the road to future profit" and it is also supported by Farmers Weekly magazine and the Rural Agricultural Society of England. They are just a few of the many dozens of UK food, farming and environmental organisations supporting the widespread adoption of ICM by British farmers.

So, apart from reducing inputs, what does ICM involve? Essentially it is an environmentally responsible philosophy rather than a book of rules. It accepts that farming is an imprecise science, made the more so by variations in soil type, plant disease, weather conditions and so on. It is, therefore, a site-specific and flexible system of management that calls for participants to consider all aspects of the flora and fauna on their farms and to choose whichever inputs will be least environmentally damaging, while using them at the lowest dose rate consistent with efficacy.

Moreover, ICM is moving with the tide. For over the past 10 years the active ingredients of pesticides used on British farms have been cut by more than 20 per cent and the amount of nitrogen fertiliser by about 15 per cent. Not all farmers yet call their decision-making ICM but many are following its precepts for economic reasons without necessarily knowing the connection.

Nevertheless, widespread moves towards the more formalised adoption of ICM as a matter of policy are accelerating. Leaf, for instance, is part of a network of European initiatives that involves six EU countries. Others seem set to join later this year and it is known that the European Commission itself is anxious to see integrated systems adopted across the community. Some insiders suggest, in fact, that they may be imposed in return for continuing payments to farmers.

Across the Atlantic, the US Department of Agriculture is said to be about to launch a major initiative called Total Resource Management, ICM by another name. To my personal knowledge similar schemes already exist in Israel, New Zealand, South Africa and parts of South America; not least because British supermarkets, which import fresh produce from such areas, insist on the same standards of production as they do in the UK.

A few days ago the World Bank announced that it was to put $500,000 and the UN Food and Agriculture organisation (FAO) a further $500,000 into promoting integrated pest management, which is part of the wider integrated farming concept. The money is to be used to encourage the use of natural predators and to cut pesticide use in developing countries.

In world terms the adoption of integrated farming can play a key role in improving the sustainability of agriculture. At the UK domestic level it seems probable that food retailers, such as Sainsbury's, may soon refuse to buy any food or food products from farmers or processors who are unable to provide traceable details of the way it has been produced. Integrated farming may thus become the standard against which their buying decisions are made.

China tries to curb metals speculation

By Tony Walker in Beijing

China is to clamp down on futures trading in aluminium and copper following a surge in prices, the Ministry of Internal Trade has announced.

The ministry, which is responsible for ensuring consistent supply of commodities internally, will enforce stricter trading rules, ensure than regulatory limits are not exceeded and improve market supervision.

The official Xinhua newsagency reported last week that action had been taken following "drastic price increases in copper and aluminium futures since last autumn". The Ministry of Internal Trade blamed speculative activities by futures traders for pushing prices beyond limits set by the ministry.

Xinhua quoted an official of the Ministry of Internal Trade as saying that the surge in copper and aluminium futures "did not reflect the real situation of the domestic market . . . Trading is not in line with the country's macro-economic policies, therefore such prices are not conducive to the steady development of the national economy".

The country's securities watchdog, the China Securities Regulatory Commission, had earlier issued new regulations to curb speculation, including trading limits, a cap on prices, disclosure requirements for sources of funding and stricter rules governing those authorised to engage in futures trading.

China's regulatory authorities have been seeking to improve the functioning of the country's fledgling futures markets. Several markets have been closed and traders have been placed under closer supervision.

Fischler backs agrimoney delay

By James Harding

Mr Franz Fischler, European agriculture commissioner, will use the green exchange rate system to protect farmers in strong currency countries from painful subsidy cuts threatened by green rate revaluations.

Speaking in an interview at the weekend prior to yesterday's farm ministers' meeting in Luxembourg, Mr Fischler said he supported further postponement of green rate revaluations and would be prepared to increase EU compensation if green rates had to be revalued.

Revaluation of a green rate, which translates EU farm prices into national currency, would cut the value of Ecu subsidies in local currency.

However, since the new rules came into force at the beginning of February, despite turmoil in the open currency markets, decisions on a possible revaluation of the Belgian and Luxembourg green rates have been postponed until May 5.

The council meeting to discuss changes to the agrimonetary system was understood to have considered a German proposal to delay any revaluations until the beginning of July, the end of the agricultural marketing year. Bavarian farmers last month protested under the banner "Strong D-Mark crushes farmers", demanding compensation for income lost due to their towering currency.

Mr Fischler's commitment to postponing revaluations to protect farmers comes after some European Commission officials have argued that the green currency grid must be brought in line with markets in order to prevent trade distortions.

Increasing the amount the EU would be prepared to pay in compensation to farmers in strong currency countries is also likely to worry lobbyists who have criticised the effect on the EU's farm budget.

MARKET REPORT

Cocoa futures weaker

London cocoa futures fell sharply yesterday on the news that Germany's first-quarter cocoa grind was lower than expected, writes James Harding. After recovering slightly from the early morning slide, the July delivery price closed at £947 a tonne on the London Commodity Exchange, down £16 on Friday's close.

The German Confectionery Industry Association reported a first-quarter 1995 grind of 69,441 tonnes, showing a 13.5 per cent decline compared with the same period last year.

Traders were surprised by the scale of the fall, saying they had expected something between a 5 per cent decline and a 5 per cent rise.

● Gold and silver prices weakened under fresh selling in New York and markets remained nervous over foreign exchange movements, dealers said, reports Reuters.

GOLD dropped below $390 a troy ounce for the first time this month to close at $389.20, down $4.30. But dealers said SILVER set the softer tone.

"The shorts are definitely pushing silver and that sentiment spread over into gold," one dealer said.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	[illegible]	[illegible]
Previous	[illegible]	[illegible]
High/low	[illegible]	[illegible]
AM Official	[illegible]	[illegible]
Kerb close	[illegible]	[illegible]
Open int.	[illegible]	
Total daily turnover	[illegible]	

■ ALUMINIUM ALLOY ($ per tonne) [illegible]

■ LEAD ($ per tonne) [illegible]

■ NICKEL ($ per tonne) [illegible]

■ TIN ($ per tonne) [illegible]

■ ZINC, special high grade ($ per tonne) [illegible]

■ COPPER, grade A ($ per tonne) [illegible]

■ LME AM Official £/$ rate: [illegible]

■ HIGH GRADE COPPER (COMEX) [illegible]

PRECIOUS METALS

■ LONDON BULLION MARKET (Prices supplied by N M Rothschild) [illegible]

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Apr	390.0	-2.9	391.6	389.0	389	105
May	391.4	-2.9	-	-	182	113
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.) [illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.) [illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.) [illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel) [illegible]

■ CRUDE OIL IPE ($/barrel) [illegible]

■ HEATING OIL NYMEX (42,000 US galls; c/US galls) [illegible]

■ GAS OIL IPE ($/tonne) [illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu) [illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls) [illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	116.65	-0.60	116.55	116.50	1,955	54
Jul	117.65	-0.60	117.75	117.75	727	10
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel) [illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel) [illegible]

■ BARLEY LCE (£ per tonne) [illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel) [illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb) [illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton) [illegible]

■ POTATOES LCE (£/tonne) [illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point) [illegible]

Tea

There was good general demand, reports the Tea Brokers' Association. Brightest and better medium east Africans were well competed for and often gained several pence. Plainer mediums and poorer liquoring teas were irregular and sometimes easier. The few Ceylons on offer were about steady. Offshore - there was good demand at fully firm rates. Quotations: best available 180p/kg, good 130p/kg, good medium 112p/kg, medium 94p/kg, low medium 84p/kg. The highest price realised this week was 161p/kg for a Kenya pd.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	924	-15	938	920	19,269	1,363
Jul	948	-14	961	945	20,894	2,023
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ COCOA CSCE (10 tonnes; $/tonnes) [illegible]

■ COCOA (ICCO) (SDR's/tonne) [illegible]

■ COFFEE LCE ($/tonne) [illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs) [illegible]

■ COFFEE (ICO) (US cents/pound) [illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs) [illegible]

■ WHITE SUGAR LCE ($/tonne) [illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs) [illegible]

■ COTTON NYCE (50,000lbs; cents/lbs) [illegible]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	107.80	-0.95	108.00	107.00	11,144	4,910
Jul	111.90	-0.80	113.50	111.25	7,881	1,127
Sep	115.55	+0.30	116.25	115.30	5,287	480
Nov	112.10	-1.90	113.50	112.10	2,014	58
Jan	113.90	-0.10	114.10	113.80	2,283	146
Mar	115.35	+0.55	115.40	114.00	454	40
Total					29,153	6,776

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Apr 10	Apr 7	month ago	year ago
2319.1	2316.0	2343.8	1808.2

■ CRB Futures (Base: 1967=100)

Apr 7	Apr 6	month ago	year ago
237.29	236.51	234.09	224.60

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	69.425	-0.675	70.200	69.375	18,648	6,735
Jun	63.425	-0.500	64.150	63.275	26,962	6,035
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs) [illegible]

■ PORK BELLIES CME (40,000lbs; cents/lb) [illegible]

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME [illegible]

■ COPPER (Grade A) LME [illegible]

■ COFFEE LCE [illegible]

■ COCOA LCE [illegible]

■ BRENT CRUDE IPE [illegible]

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/May)

		+or-
Dubai	$17.19-7.21q	-0.105
Brent Blend (dated)	$18.11-8.13	-0.34
Brent Blend (May)	$18.03-8.05q	-0.17
W.T.I. (1pm est)	$19.50-9.52q	-0.225

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

		+or-
Premium Gasoline	$194-195	
Gas Oil	$159-160	-1.5
Heavy Fuel Oil	$102-104	-0.5
Naphtha	$166-168	-0.5
Jet fuel	$175-176	-3.5
Diesel	$159-161	-1.5

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

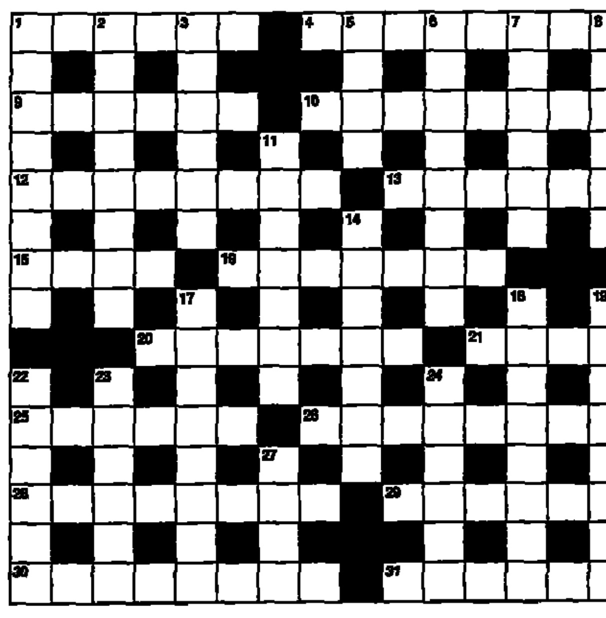
		+or-
Gold (per troy oz)♣	$389.20	-4.30
Silver (per troy oz)♣	522.50c	-19.00
Platinum (per troy oz.)	$450.00	-5.00
Palladium (per troy oz.)	$172.00	-1.75
Copper (US prod.)	143.0c	
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	14.37m	
Tin (New York)	277.50c	-1.00
Cattle (live weight)†	123.68p	-0.69*
Sheep (live weight)†♠	129.88p	-1.46*
Pigs (live weight)†	88.95p	+0.05*
Lon. day sugar (raw)	$359.30	-1.10
Lon. day sugar (wte)	$366.00	
Tate & Lyle export	£339.00	+1.00
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	£141.0	
Wheat (US Dark North)	£165.0	
Rubber (May)♥	120.50p	
Rubber (Jun)♥	120.00p	
Rubber (KL RSS No1)	488.0m	-3.0
Coconut Oil (Phil)§	$810.0y	-10.0
Palm Oil (Malay.)§	$647.5z	-20.0
Copra (Phil)§	$412.0u	
Soyabeans (US)	£170.5u	
Cotton Outlook'A' index	111.70c	+0.20
Wooltops (64s Super)	525p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. u Apr/May z Apr. y Jun/Jul. q May ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week † Prices are for previous day.

JOTTER PAD

CROSSWORD

No.8,734 Set by ALAUN



ACROSS

1 Take place, perhaps, up north (6)
4 Opens up the case (8)
9 And right in the very end, ceased to flow (3,3)
10 Does order me soup (8)
12 Bananas and biscuits (8)
13 A hollow or hole in the wood (6)
15 Said you see the position (4)
16 Said something and passed out (7)
20 Not well cooked, a little savoury (7)
21 Shot to silence, good gracious! (4)
25 Off-colour, it's good to have fish (6)
26 I meant it about being very close to (8)
28 Actors on tour perhaps, in "The Derelict" (8)
29 Everybody assembled outside for croquet (6)
30 Mad, called in to have something done about (8)
31 Heavy with ale, staggering home (6)

DOWN

1 Incorrigible person who gives a lot of work to lawyers (4,4)
2 Were the jewel thief's last gasps about them? (8)
3 I've got it translated into Greek (6)
5 I don't think much of the band stand! (4)
6 Do get embarrassed about, being shy (8)
7 Drum up two lots of work for the garage mechanic (3-3)
8 Appeared to me one of the best players about (6)
11 Gee, comrade! (7)
14 Is one no less worried about the cuts? (7)
17 Claim it's a tin floating in the sea (8)
18 Young barman from here? (5,3)
19 Give warning of an earthquake a time after (8)
22 Caught in the drain, decomposed and is bad (6)
23 More oppressive? Not so far (6)
24 Reproduce illicitly when they talk one into it (6)
27 Look out from the grotto (4)

Solution to Saturday's prize puzzle on Saturday April 22.
Solution to yesterday's prize puzzle on Monday April 24.

INTERNATIONAL CAPITAL MARKETS

Treasuries recover most of early losses

By Lisa Bransten in New York and Richard Lapper in London

US Treasury prices started the morning lower before rebounding to near their levels of late Friday as traders skittishly awaited a wave of economic data to be released this week.

Near midday, the benchmark 30-year Treasury was 1/32 lower at 102 5/8 to yield 7.397 per cent. At the short end of the market, the two-year note was down 1/16 at 99 27/32, yielding 6.658 per cent.

No data was released yesterday, but investors were anxious about figures on producer prices, consumer prices and industrial production to be released today, tomorrow and Friday respectively. Treasuries have rallied since the start of the year on accumulating data indicating that the economy is slowing and a soft-landing is at hand.

Many analysts worried that any data not supporting such a view could cause a sharp sell-off in Treasury securities. Especially worrisome are forecasts that inflationary pressures at early stages of the production cycle might begin to show themselves at the level of consumer and producer prices.

Treasury bonds did get some support from a dollar that was stronger against the D-Mark and off its lows against the Japanese yen.

Although the US currency was changing hands for less than it had been late on Friday, it posted a substantial recovery from the record post-war low of Y80.18 it hit overnight in Japanese trading. Near midday, the dollar was trading at Y83.05 and DM1.4095 compared with Y83.65 and DM1.3760 late on Friday.

■ Continuing turbulence on world currency markets helped drag German, French and UK government bond prices lower yesterday. Analysts and traders said domestic considerations had played a relatively small part in market movements. "The origin of the action is still in the dollar. Today's moves are currency-driven," said Mr Giorgio Radaelli, an economist at Lehman Brothers.

■ The German market was badly hit by the decline overnight in the value of the D-Mark against both the yen and the dollar.

GOVERNMENT BONDS

Technical factors were also blamed for the fall, with the June 10-year bund futures contract losing 0.26 to close at 92.25.

■ Gilts were also affected, even though figures for producer price inflation were largely in line with the market's expectations.

Analysts said that the market has reached a cyclical peak following recent rises, suggesting that further price falls are necessary before institutional investors return to the market in force.

Mr Andrew Roberts, an analyst with UBS, suggested that further price falls would be necessary to attract buyers.

"The gilt market has still a bias to under-perform its European counterparts. There is not the underlying inflow of cash into the market," he said.

Mr Michael Burke, a senior economist with Citibank, said: "The market looks a bit played out. The bulls have had their day."

On Liffe the June long gilt closed at 103 5/32, down 5/8, before gaining 3/16 in late trading.

■ French 10-year bonds also lost some of last week's gains, with technical considerations and depressed sentiment elsewhere the main factors.

On Matif, the June 10-year OAT contract fell by 0.60 to close at 113.16, before regaining some ground in late trading.

Consolidation following last week's gains – when the yield on the 10-year note rose by 9 basis points – was the main reason for the rise, although analysts said the contract had found support at 113.16.

■ Italy and Spain provided the only bright spots, largely as a result of local currency strength against the D-Mark.

The June 10-year BTP future closed at 94.43, up 0.18, while on Meff the June 10-year contract closed up 0.05 at 83.32.

■ Japanese government bonds lost further ground in London, following a sharp fall overnight in Tokyo.

The 10-year JGB futures contract fell by 0.83 to close at 114.87 in Tokyo, losing a further 0.10 in trading during the day at Liffe.

Citibank's Mr Burke suggested that the weakness in Tokyo had contributed to the malaise elsewhere.

"The dominance of Japanese capital is such that if the Japanese markets are suffering, everybody else will suffer," he said.

Slowdown in eastern bloc fund investment

By Richard Lapper

Investment funds have raised $2.77bn for eastern Europe and the former Soviet Union in the five and half years since the fall of the Berlin Wall, according to a survey published in the latest issue of Emerging Markets Investor, a specialist monthly publication.

Although 43 per cent of the total was raised during 1994, the survey shows that the momentum in setting up new funds has slowed recently. Only two new funds have been established in the first three months of this year – raising a total of $100m – against 29 in 1994 and a total of 51.

Some $695m has been invested in Polish funds, including $500m in the Pioneer First Polish Trust Fund, east Europe's largest fund. Funds geared to invest exclusively in Russia and the Commonwealth of Independent States have raised some $680m, while $330m has been raised for Hungary funds.

The survey also indicates, however, that investors have had a poor record. "Most of the 33 funds that supplied performance statistics have seen the value of their assets drop through the floor," says the survey.

The worst performers have been those with the biggest exposure to shares listed on exchanges in central Europe or traded on the over-the-counter market in Russia.

Some of the best performers sold shares before a sharp fall in prices last year (the region's stock markets have fallen by more than 60 per cent from their 1994 peaks).

Other successful tactics have included the avoidance of overpriced shares, and relatively heavy investments in unquoted companies and in local currency bond markets.

Basle Accord to include market risk

By Richard Lapper

The Bank for International Settlements (BIS) plans to amend the 1988 Basle Accord to incorporate market risk.

Later this week, the Bank's Basle Committee will issue the new proposals on how banks can reduce the risk of losses from adverse movements in the financial markets.

The proposals provide for the use of banks' own internal models for measuring market risks. An earlier proposal argued for the adoption of a standardised measurement framework which would apply to all banks.

The action by the Basle Committee follows increasing concern about the risks of trading activities by banks. Worries have been increased by the collapse of Barings Bank in February, following losses sustained in derivatives trading in east Asia.

Banks would be able to use their own earnings at risk or value at risk (EAR or VAR) models, developed by many leading banks in the last five years, in order to assess and monitor market risk.

Such models measure the sensitivity of a bank to loss from averse movements in the market and use complex computer models to assess the probability of loss. They also take into account the correlation between different financial instruments.

Banks would also be required to meet "stringent qualitative" criteria regarding the risk management process before they would be permitted to use the models-based approach, the committee said yesterday.

The Basle Committee also reviewed the standardised framework intended for banks not using a comprehensive internal model to measure market risks. It made two changes.

The first is a proposal to apply capital requirements to commodities risk. The second consists of a proposal for measuring options risk for those institutions that do not have comprehensive models but are active in this area.

Canada oversubscribed

By Martin Brice

The $6bn international credit for Canada has been oversubscribed, with banks offering to underwrite a total of $8.5bn.

Canada is paying just 6¼ basis points over the London interbank offered rate for the drawn part of the credit.

The loan, which is being arranged by Citibank, will not be increased. Instead, banks will have their underwriting commitments scaled back.

● Banks are also fighting aggressively to lend to high-quality corporate borrowers, and the latest to take advantage of this is Incentive, the diversified Swedish industrial concern controlled by the Wallenberg family.

It announced on Friday that it is seeking $500m at around about half the price it paid to raise the same amount in June last year, when it was charged 42½ basis points over Libor for a five-year loan.

The new loan will replace the June deal. Incentive has asked Deutsche Bank and Enskilda to syndicate the seven-year multi-currency facility at a price of 20 basis points over Libor for the first four years, rising to 25 points over for the final three years.

While Incentive is benefiting from falling margins for syndicated loans, pricing also reflects its improved results, with 1994 profits after financial items rising to SKr2.08bn from SKr291m in 1993.

Two dollar issues dilute the Germanic trend

By Martin Brice

Two dollar issues yesterday diluted the Germanic trend of the eurobond market but D-Marks remained in favour, with the biggest deal coming from Deutsche Finance Netherlands Bank, which took advantage of the steep yield curve in bunds to offer a seven-year DM500m deal with a 7 per cent coupon.

INTERNATIONAL BONDS

Lead manager Deutsche Bank had a counterparty for the swap, which resulted in "sub-Libor funding".

The steep yield curve has resulted in a 65 basis point difference between the five and seven-year sectors.

Deutsche said: "Retail investors are at five years, but they will come out to seven years when there is sufficient pick-up."

Merrill Lynch raised $250m for AAA rated GECC with a six-year bond with a coupon of 7⅜ per cent, at 28½ basis points over Treasuries.

Merrill said the success last week of the $500m 10-year deal for Japan Highway showed there was demand for bonds that were correctly priced. Other houses said the GECC deal was priced correctly.

H.J. Heinz, rated A1/A+, issued $250m of bonds in the five-year maturity with a 7.5 per cent coupon. The bonds were priced at 3pm, which other houses said was not likely to give the issue a good start with retail investors, but the deal would work.

The bonds offered a chance to switch out of AAA paper trading in the low teens over Treasuries into a higher-yielding alternative at 37½ over, said Morgan Stanley, which used a group of 20 firms to sell but not underwrite the bonds.

Rabobank and SBC raised Fl 400m for Baden-Wuerttemberg L-Finance, with a five-year bond carrying a coupon of 6.625 per cent, at 18 basis points over the comparable government bond. The mandate was won despite their terms not being the lowest in a competitive bidding process, said Rabobank.

Proceeds were swapped into floating-rate D-Marks, it is thought, and the borrower may have lowered its aggressive target for funding levels.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
GECC	250	7.375	99.926R	May.2001	0.275R	+28½(6⅞%-00)	Merrill Lynch International
HJ Heinz Co.	250	7.50	100.056R	Apr.2000	0.325R	+37½(6⅞%-00)	Morgan Stanley & Co.Intl.
D-MARKS							
Deutsche Finance Neths.	500	7.00	102.05	May.2002	2.25	-	Deutsche Bank
GUILDERS							
Baden-Wuerttemberg L-Finance	400	6.625	99.575R	May.2000	0.25R	+18(9%-00)	Rabobank/ Swiss Bank Corp.
LUXEMBOURG FRANCS							
Great Belt	2bn	7.75	102.55	Jun.2005	2.00	-	Kredietbank Luxembourg
Kommunekredit(a)	2bn	7.50	102.25	Jul.2002	1.875	-	BIL
DANISH KRONER							
Finance for Danish Industry	400	8.00	101.271	Jun.1998	1.375	-	Kredietbank Intl. Group

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. R: fixed re-offer price; fees shown at re-offer level. a) Long 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	94.5500	–0.410	9.90	9.90	9.90
Austria		7.500	01/05	100.4600	–0.490	7.42	7.43	7.61
Belgium		8.500	03/05	90.8500	–0.240	7.86	7.95	8.20
Canada *		9.000	12/04	101.7000	–0.050	8.73	8.79	8.56
Denmark		7.000	12/04	88.6500	–0.350	8.78	8.85	8.79
France	BTAN	8.000	05/98	101.0900	+0.050	7.59	7.60	7.27
	OAT	7.500	04/05	98.0800	–0.220	7.77	7.81	7.98
Germany Bund		7.375	01/05	101.7500	–0.100	7.11	7.10	7.31
Ireland		6.250	10/04	83.1000	–0.300	8.82†	8.82	9.80
Italy		9.500	01/05	81.3200	–0.040	12.93	13.15	12.52
Japan	No 119	4.800	06/99	107.9250	–0.320	2.80	2.80	3.70
	No 174	4.600	09/04	107.6070	–0.580	3.53	3.41	4.32
Netherlands		7.750	03/05	103.5600	–0.220	7.23	7.26	7.49
Portugal		11.875	02/05	98.0000	–0.200	12.22	12.10	11.65
Spain		10.000	02/05	88.9100	+0.060	11.94	12.24	11.76
Sweden		6.000	02/05	63.6810	+0.687	11.25	11.64	10.65
UK Gilts		6.000	08/99	92–00	–4/32	8.24	8.29	8.45
		8.500	12/05	100–11	–14/32	8.45	8.42	8.53
		9.000	10/08	104–13	–14/32	8.45	8.44	8.52
US Treasury *		7.500	02/05	102–21	–2/32	7.12	7.14	7.19
		7.625	02/25	102–22	–7/32	7.40	7.39	7.43
ECU (French Govt)		6.000	04/04	85.1300	–0.440	8.24	8.33	8.40

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

Prime rate	9
Broker loan rate	6½
Fed funds	6
Fed funds at intervention	-

Treasury Bills and Bond Yields

One month	5.86	Two year	6.67
Two month	5.81	Three year	6.79
Three month	5.88	Five year	6.98
Six month	6.11	10-year	7.14
One year	6.36	30-year	7.42

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	113.46	113.16	-0.60	113.46	113.10	98,442	127,438
Sep	112.82	112.52	-0.58	112.82	112.52	445	6,882
Dec	112.68	112.32	-0.54	112.68	112.68	2	1,063

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls May	Calls Jun	Calls Sep	Puts May	Puts Jun	Puts Sep
111	-	2.53	-	0.12	0.34	-
112	-	1.74	-	0.25	0.55	-
113	0.78	1.09	-	0.60	0.91	1.88
114	0.30	0.59	-	-	1.44	-
115	0.10	0.28	-	-	-	-

Est. vol. total, Calls 19,870 Puts 8,281. Previous day's open int., Calls 143,523 Puts 208,384.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.39	92.27	-0.24	92.48	92.10	99627	179654
Sep	91.80	91.73	-0.24	91.80	91.60	536	4592

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls May	Calls Jun	Calls Jul	Calls Sep	Puts May	Puts Jun	Puts Jul	Puts Sep
9200	0.49	0.83	0.73	1.00	0.22	0.56	1.00	1.27
9250	0.23	0.57	0.52	0.78	0.46	0.80	1.29	1.55
9300	0.09	0.37	0.36	0.60	0.82	1.10	1.63	1.87

Est. vol. total, Calls 12996 Puts 12714. Previous day's open int., Calls 168915 Puts 146052

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.10	94.45	+0.18	94.60	94.05	24011	45675
Sep		93.80	+0.18			0	137

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
9400	1.55	2.28	1.10	2.46
9450	1.27	2.05	1.32	2.75
9500	1.02	1.84	1.57	3.04

Est. vol. total, Calls 288 Puts 1730. Previous day's open int., Calls 43740 Puts 33274

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	83.28	83.32	+0.02	83.64	83.04	52,213	50,023

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	103-21	103-09	-0-15	103-21	102-30	48166	91365
Sep		102-31	-0-15			0	105

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls May	Calls Jun	Calls Jul	Calls Sep	Puts May	Puts Jun	Puts Jul	Puts Sep
103	0-44	1-15	1-23	1-54	0-25	0-61	1-25	1-56
104	0-16	0-48	0-59	1-25	0-62	1-30	1-61	2-27
105	0-03	0-26	0-38	1-02	1-49	2-08	2-40	3-04

Est. vol. total, Calls 2183 Puts 2869. Previous day's open int., Calls 37448 Puts 48792

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	83.42	83.20	-0.58	83.44	83.18	1,781	7,071

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	104-11	104-04	-0-08	104-15	104-00	534,734	329,500
Sep	104-00	103-23	-0-08	104-01	103-19	895	17,548
Dec	103-09	103-09	-	103-09	103-09	38	1,635

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	115.00			115.03	114.74	2561	0

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Apr 10	Day's change %	Fri Apr 7	Accrued interest	xd adj. ytd
1 Up to 5 years (23)	119.58	–0.13	120.28	1.51	3.41
2 5-15 years (21)	141.05	–0.45	141.59	2.13	3.58
3 Over 15 years (9)	157.53	–0.64	158.54	2.03	4.05
4 Irredeemables (6)	181.37	–0.92	183.05	3.79	1.47
5 All stocks (59)	137.73	–0.38	138.46	1.92	3.61

	Low coupon yield Apr 10	Apr 7	Yr. ago	Medium coupon yield Apr 10	Apr 7	Yr. ago	High coupon yield Apr 10	Apr 7	Yr. ago
5 yrs	8.31	8.24	7.16	8.39	8.31	7.39	8.52	8.44	7.53
15 yrs	8.40	8.32	7.62	8.46	8.39	7.72	8.67	8.60	7.99
20 yrs	8.38	8.30	7.71	8.46	8.39	7.72	8.61	8.54	7.92
Irred.†	8.42	8.34	7.86						

Index-linked	Mon Apr 10	Day's change %	Fri Apr 7	Accrued interest	xd adj. ytd
6 Up to 5 years (2)	191.24	–0.08	191.41	0.11	2.57
7 Over 5 years (11)	177.81	–0.21	178.17	0.24	1.28
8 All stocks (13)	178.29	–0.19	178.64	0.56	1.40

	Inflation 5% Apr 10	Apr 7	Yr. ago	Inflation 10% Apr 10	Apr 7	Yr. ago
Up to 5 yrs	3.38	3.32	3.31	2.01	1.95	2.42
Over 5 yrs	3.81	3.79	3.45	3.62	3.61	3.28

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Apr 10	Apr 7	Apr 6	Apr 5	Apr 4	Yr ago	High*	Low*
Govt. Secs. (UK)	91.80	92.24	92.05	91.39	92.13	97.23	92.24	90.22
Fixed Interest	111.09	111.15	111.12	111.02	110.94	117.00	111.15	108.77

* for 1995. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Apr 7	Apr 6	Apr 5	Apr 4	Apr 3
Gilt Edged bargains	93.7	93.2	95.8	104.2	98.4
5-day average	97.1	98.0	101.0	103.9	101.9

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on April 10

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWISS FRANC STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OTHER STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DEUTSCHE MARK STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FLOATING RATE NOTES					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONVERTIBLE BONDS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1995 High	1995 Low
Shorts (Lives up to Five Years)						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five to Fifteen Years						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over Fifteen Years						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Undated						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Index-Linked						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other Fixed Interest

[illegible]

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock.

مكرر من الاصل

هكذا من الاصل

CURRENCIES AND MONEY

MARKETS REPORT

Yen advances while D-Mark continues to retreat

The dollar yesterday made a firm recovery against the yen after plunging to a new low during Asian trading, *writes Philip Gawith.*

The US currency finished in London at Y83.085, nearly three yen up on the low of Y80.15, reached during Asian trading having closed in London on Friday at Y84.155.

The latest spike up in the yen was attributed to buying by Asian central banks who are said to be diversifying their reserves out of the dollar.

Local election results which cast doubt on the Japanese government's ability to boost demand in the economy also contributed to yen strength.

The flip side of yen strength has been D-Mark weakness, with the German currency losing ground steadily, especially in Europe, since German rates were cut late last month.

The D-Mark finished more than two pfennigs weaker in London at DM1.4055, from DM1.3811, against the dollar. In Europe some of the "peripheral" currencies continued to make good gains against the D-Mark. The Swedish krona finished at SKr5.219, from SKr5.31, while the Spanish peseta closed at Pta89.11, from Pta89.86.

Sterling gained two pfennigs against the weaker D-Mark, finishing at DM2.2395, from DM2.2191, but lost ground against the dollar to finish at $1.5935 from $1.6066.

■ A measure of the pressures being felt in Japan from the yen's giddy rise came from Mr Masayoshi Takemura, the finance minister, who went so far as to suggest that the current system of floating exchange rates needed to be reconsidered.

■ Pound in New York

Apr 10	Latest	Prev. close
£ spot	1.5925	1.6155
1 mth	1.5924	1.6154
3 mth	1.5913	1.6143
1 yr	1.5815	1.6043

He was not alone in his "something must be done" plea. Mr Edmond Alphandery, the French economy minister, also repeated his call for greater international co-operation to stabilise currency markets. "France believes in it, Japan believes in it, I would like all the G7 countries to believe in it as much as France and Japan," he said.

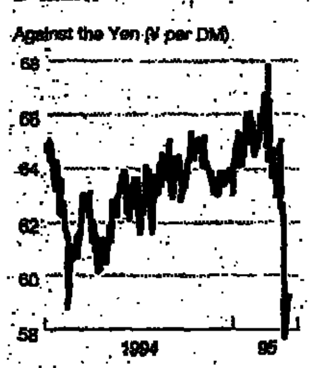
US and German officials also made concerned noises, but nothing that would give the market cause to reverse the recent trend of yen strength.

Commenting on the latest currency developments, Mr Steve Hannah, head of research at IBJ International in London, said: "The only way this turns around is through price overshoot. I don't think we have reached that position yet. Everyone accepts it is an overshoot, but I don't think it is so dramatic that investors can go back into dollar assets with any degree of confidence."

He was pessimistic about

D-Mark

Against the Yen (¥ per DM)



Source: FT Graphite

any quick rally in the dollar. "As far as Japanese capital flows are concerned, and they are the dominant feature in all of this, they remain dollar bearish." Mr Hannah said most of the Japanese institutions were sceptical about any bounce in the dollar, believing it was likely to test the Y80 level again.

Mr Brendan Brown, Head of Research at Mitsubishi Finance International in London, said the central explanation for the strong yen was a "general disbelief in Bank of Japan policy." He said many people remained sceptical about whether the BOJ was interested in shifting from a deflationary monetary policy to a neutral one.

Mr Brown said he believed four policy steps were necessary to turn round the current exchange market trends: a real easing in Japanese monetary policy, higher US interest rates, lower German rates and a monetary tightening in Italy (which has been the origin of large scale capital flight into Germany). So far only the German leg of that equation has been fulfilled.

■ The pronounced strength of the yen indicates a new stage to currency developments. Mr David Cocker, economist at Chemical Bank in London says the first stage was generalised D-Mark strength. This was followed by generalised dollar weakness, which has now given way to broad-based yen strength.

He said there had been active buying of the yen and selling of D-Marks. The German rate cut had caused the market to reconsider its views on the strength of the German recovery and the D-Mark, while lack of news out of countries like Spain and Italy had prompted a measure of profit-taking by holders of D-Marks.

■ The Bank of England provided UK money markets with £260m late assistance after forecasting a £500m shortage, and providing £47m at established rates.

■ OTHER CURRENCIES

Apr 10	£	$
Hungary	189.834 - 189.987	119.160 - 119.210
Iran	2781.18 - 2787.92	1745.00 - 1750.00
Kuwait	0.4661 - 0.4667	0.2926 - 0.2928
Poland	3.7836 - 3.7885	2.3760 - 2.3770
Russia	7908.85 - 7908.15	4961.00 - 4984.00
U.A.E.	5.8505 - 5.8543	3.6724 - 3.6732

POUND SPOT FORWARD AGAINST THE POUND

Apr 10	Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. index
Europe												
Austria (Sch)	15.7801	+0.1418	527 - 675	15.8130	15.6902	15.7396	1.6	15.7014	1.5	-	-	107.5
Belgium (BFr)	45.9982	+0.3931	801 - 162	46.1180	45.2490	45.9532	1.2	45.8432	1.3	45.3132	1.5	110.1
Denmark (DKr)	8.8100	+0.0782	047 - 153	8.8255	8.6898	8.8177	-1.0	8.8205	-0.5	8.7886	0.2	209.7
Finland (FM)	6.8678	+0.0341	623 - 733	6.9200	6.7930	-	-	-	-	-	-	87.8
France (FFr)	7.7863	+0.0691	834 - 892	7.8007	7.6456	7.7951	-1.4	7.8015	-0.8	7.7419	0.6	110.8
Germany (DM)	2.2395	+0.0204	386 - 404	2.2532	2.2273	2.2368	1.5	2.2293	1.8	2.1887	2.3	112.8
Greece (Dr)	362.319	+1.11	159 - 478	366.091	352.159	-	-	-	-	-	-	68.8
Ireland (I£)	0.9933	-0.0009	923 - 943	1.0006	0.9857	0.9931	0.2	0.9927	0.2	0.9933	0.0	98.1
Italy (L)	2741.13	+7.11	934 - 293	2758.76	2717.35	2751.13	-4.4	2770.33	-4.3	2847.53	-3.9	64.4
Luxembourg (LFr)	45.9982	+0.3931	801 - 162	46.1180	45.2490	45.9532	1.2	45.8432	1.3	45.3132	1.5	110.1
Netherlands (Fl)	2.5048	+0.0207	034 - 061	2.5209	2.4651	2.5019	1.4	2.4939	1.7	2.4497	2.2	109.8
Norway (NKr)	10.0112	+0.0563	061 - 162	10.0722	9.8961	10.0008	1.2	9.9805	1.2	9.8743	1.4	99.1
Portugal (Es)	235.544	+1.192	412 - 675	235.964	231.412	236.379	-4.3	238.169	-4.5	-	-	96.4
Spain (Pta)	199.584	+0.12	440 - 687	201.369	196.738	200.024	-2.8	200.989	-2.8	204.884	-2.7	79.2
Sweden (SKr)	11.6920	-0.1076	814 - 025	11.8498	11.6814	11.6941	-0.2	11.6982	-0.2	11.7184	-0.2	77.4
Switzerland (SFr)	1.8436	+0.0214	424 - 448	1.8468	1.8199	1.8394	2.7	1.8291	3.1	1.776	3.7	114.3
UK (£)	-	-	-	-	-	-	-	-	-	-	-	84.5
Ecu	1.2131	+0.0069	126 - 138	1.2158	1.1981	1.2132	0.0	1.212	0.4	1.204	0.8	-
SDR†	1.020000	-	-	-	-	-	-	-	-	-	-	-
Americas												
Argentina (Peso)	1.5932	-0.0129	928 - 936	1.6097	1.5928	-	-	-	-	-	-	-
Brazil (R$)	1.4301	-0.0136	290 - 312	1.4393	1.4288	-	-	-	-	-	-	-
Canada (C$)	2.2062	-0.0295	053 - 071	2.2379	2.2044	2.2098	-2.0	2.2152	-1.6	2.221	-0.7	81.6
Mexico (New Peso)	10.1264	-0.1009	643 - 684	10.1611	10.0843	-	-	-	-	-	-	-
USA ($)	1.5935	-0.0133	931 - 938	1.6100	1.5930	1.5935	0.0	1.5923	0.3	1.5824	0.7	88.4
Pacific/Middle East/Africa												
Australia (A$)	2.1488	-0.0186	476 - 500	2.1513	2.1478	2.1515	-1.5	2.1559	-1.3	2.1755	-1.2	79.9
Hong Kong (HK$)	12.3217	-0.1026	182 - 252	12.4477	12.3182	12.3211	0.1	12.3219	0.0	12.3152	0.1	-
India (Rs)	50.0264	-0.4352	074 - 453	50.5540	50.0074	-	-	-	-	-	-	-
Israel (Shk)	4.7256	-0.0188	205 - 306	4.7622	4.7205	-	-	-	-	-	-	-
Japan (Y)	132.392	-2.828	307 - 477	135.590	128.330	131.622	5.2	130.872	5.2	124.562	5.9	173.2
Malaysia (M$)	3.9574	-0.0488	557 - 590	4.0069	3.9557	-	-	-	-	-	-	-
New Zealand (NZ$)	2.3958	-0.0263	935 - 981	2.3984	2.3933	2.4017	-2.9	2.4106	-2.5	2.4264	-1.3	97.0
Philippines (Peso)	41.4298	-0.4596	816 - 779	41.6779	41.1816	-	-	-	-	-	-	-
Saudi Arabia (SR)	5.9763	-0.0501	746 - 779	6.0378	5.9746	-	-	-	-	-	-	-
Singapore (S$)	2.2265	-0.0292	252 - 278	2.2572	2.2252	-	-	-	-	-	-	-
South Africa (R)	5.7353	-0.0332	328 - 377	5.7751	5.7290	-	-	-	-	-	-	-
South Korea (Won)	1223.29	-12.82	286 - 372	1238.41	1222.88	-	-	-	-	-	-	-
Taiwan (T$)	40.0793	-1.188	505 - 080	40.7652	40.0505	-	-	-	-	-	-	-
Thailand (Bt)	39.1670	-0.3281	425 - 915	39.5580	39.1425	-	-	-	-	-	-	-

†SDR rates per £ for Apr 7. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 10	Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe												
Austria (Sch)	9.8906	+0.1705	881 - 930	9.9045	9.7880	9.8791	1.4	9.8591	1.3	9.7656	1.3	107.7
Belgium (BFr)	28.8670	+0.4845	620 - 720	28.8720	28.3300	28.842	1.0	28.792	1.0	28.617	0.9	110.1
Denmark (DKr)	5.5289	+0.0946	268 - 310	5.5310	5.4706	5.5329	-0.9	5.5404	-0.8	5.5654	-0.7	109.3
Finland (FM)	4.3100	+0.057	075 - 125	4.3322	4.2599	4.312	-0.6	4.3133	-0.3	4.3175	-0.2	86.6
France (FFr)	4.8865	+0.0836	857 - 872	4.8872	4.8440	4.892	-1.4	4.8995	-1.1	4.8925	-0.1	110.7
Germany (DM)	1.4055	+0.0244	052 - 057	1.4080	1.3905	1.4038	1.5	1.4002	1.5	1.3833	1.6	112.6
Greece (Dr)	227.380	+2.58	330 - 430	228.950	226.240	229.68	-12.1	233.63	-11.0	250.88	-10.3	68.0
Ireland (I£)	1.6043	-0.0119	030 - 056	1.6143	1.6001	1.6048	-0.4	1.6064	-0.5	1.6151	-0.7	-
Italy (L)	1720.25	+18.72	950 - 100	1723.50	1707.87	1726.5	-4.4	1739.75	-4.6	1799.25	-4.6	63.6
Luxembourg (LFr)	28.8670	+0.4845	620 - 720	28.8720	28.3300	28.8795	-0.5	28.832	0.5	28.742	0.4	110.1
Netherlands (Fl)	1.5719	+0.0259	714 - 724	1.5778	1.5412	1.5701	1.4	1.5663	1.4	1.5482	1.5	109.8
Norway (NKr)	6.2827	+0.0872	809 - 845	6.2925	6.1876	6.2762	1.2	6.2664	1.0	6.2402	0.7	98.4
Portugal (Es)	147.820	+1.97	770 - 870	147.870	146.600	148.42	-4.9	149.57	-4.7	154.87	-4.8	96.6
Spain (Pta)	125.240	+1.115	190 - 290	125.800	124.440	125.53	-2.8	126.19	-3.0	129.465	-3.4	78.5
Sweden (SKr)	7.3375	-0.006	325 - 425	7.4576	7.3265	7.3518	-2.3	7.3835	-2.5	7.5525	-2.9	75.8
Switzerland (SFr)	1.1570	+0.023	565 - 575	1.1585	1.1390	1.1543	2.7	1.1486	2.6	1.1225	3.0	114.9
UK (£)	1.5935	-0.0133	931 - 938	1.6100	1.5930	1.5935	0.0	1.5923	0.3	1.5824	0.7	83.7
Ecu	1.3136	-0.0179	133 - 138	1.3350	1.3133	1.3137	0.0	1.3139	-0.1	1.3128	0.1	-
SDR†	0.63430	-	-	-	-	-	-	-	-	-	-	-
Americas												
Argentina (Peso)	0.9999	+0.0003	998 - 999	0.9999	0.9996	-	-	-	-	-	-	-
Brazil (R$)	0.8975	-0.001	970 - 980	0.8980	0.8950	-	-	-	-	-	-	-
Canada (C$)	1.3846	-0.0068	843 - 848	1.3905	1.3807	1.3869	-2.0	1.3913	-1.9	1.4036	-1.4	79.8
Mexico (New Peso)	6.3550	-0.01	300 - 800	6.3900	6.3400	6.3573	-0.4	6.3605	-0.3	6.3653	-0.2	-
USA ($)	-	-	-	-	-	-	-	-	-	-	-	89.8
Pacific/Middle East/Africa												
Australia (A$)	1.3484	-0.0004	461 - 490	1.3491	1.3362	1.35	-1.4	1.3539	-1.6	1.3751	-2.0	81.1
Hong Kong (HK$)	7.7327	+0.0004	322 - 332	7.7332	7.7322	7.7316	0.2	7.7357	-0.2	7.7712	-0.5	-
India (Rs)	31.3950	-0.01	900 - 000	31.4070	31.3900	31.475	-3.1	31.72	-4.1	-	-	-
Israel (Shk)	2.9656	+0.0129	631 - 681	2.9695	2.9545	-	-	-	-	-	-	-
Japan (Y)	83.0850	-1.07	500 - 200	84.4000	80.1800	82.785	4.3	82.125	4.6	79.03	4.9	170.7
Malaysia (M$)	2.4835	-0.0096	830 - 840	2.4938	2.4830	2.4815	1.0	2.479	0.7	2.4735	0.4	-
New Zealand (NZ$)	1.5035	-0.0039	024 - 047	1.5047	1.4887	1.5069	-2.7	1.5137	-2.7	1.533	-2.0	-
Philippines (Peso)	26.0000	-0.07	500 - 500	26.1500	25.8500	-	-	-	-	-	-	-
Saudi Arabia (SR)	3.7505	-0.0001	503 - 507	3.7507	3.7503	3.7515	-0.3	3.7536	-0.3	3.7655	-0.4	-
Singapore (S$)	1.3973	-0.0065	968 - 978	1.4040	1.3962	1.3921	4.5	1.3838	3.9	1.3573	2.9	-
South Africa (R)	3.5993	+0.0092	985 - 000	3.6030	3.5948	3.6173	-6.0	3.6546	-6.1	3.8485	-6.9	-
South Korea (Won)	767.700	-1.6	600 - 800	768.700	767.200	770.7	-4.7	774.2	-3.4	792.7	-3.3	-
Taiwan (T$)	25.1525	-0.5293	400 - 650	25.2300	25.0850	25.1725	-1.0	25.2125	-1.0	-	-	-
Thailand (Bt)	24.5800	-	700 - 900	24.5900	24.5450	24.601	-1.0	24.6275	-0.8	24.715	-0.5	-

†SDR rate per $ for Apr.7. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Apr 7. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

April 10	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	5	5	5⅝	5¾	5⅞	7.40	4.00	-
week ago	5⅛	5	5⅝	5⅝	5⅞	7.40	4.00	-
France	7⅝	7⅛	7¼	7	6⅝	5.00	-	8.00
week ago	7½	7½	7⅜	7¼	7¼	5.00	-	8.00
Germany	4.82	4.50	4.62	4.64	4.92	6.00	4.00	4.85
week ago	4.82	4.50	4.62	4.68	4.87	6.00	4.00	4.85
Ireland	5⅝	6¼	6⅜	6⅞	7⅛	-	-	6.25
week ago	5⅝	6¼	7	7⅛	7⅝	-	-	6.25
Italy	10¼	10¼	10⅝	11	11⅜	-	7.50	10.34
week ago	10	10¼	11	11½	11¾	-	7.50	10.44
Netherlands	4.50	4.56	4.64	4.78	5.02	-	5.25	-
week ago	4.53	4.56	4.75	4.90	5.18	-	5.25	-
Switzerland	3¼	3¼	3⅛	3⅜	3¼	6.625	3.00	-
week ago	3⅜	3¼	3⅜	3½	3⅜	6.625	3.00	-
US	5⅝	6⅛	6⅛	6⅜	6⅝	-	5.25	-
week ago	6⅛	6⅛	6¼	6⅜	6⅝	-	5.25	-
Japan	2⅛	1⅝	1⅝	1½	1⅝	-	1.75	-
week ago	2⅛	1⅝	1⅝	1⅝	1⅝	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	6⅛	6¼	6⅜	6⅝	-	-	-
week ago	-	6⅛	6⅜	6½	6⅝	-	-	-
US Dollar CDs	-	5.90	6.06	6.24	6.53	-	-	-
week ago	-	5.90	6.11	6.31	6.67	-	-	-
SDR Linked Ds	-	4⅝	5	5⅛	5¼	-	-	-
week ago	-	4⅞	4½	4⅞	4¾	-	-	-

ECU Linked Ds mid rates: 1 mth: 6⅛; 3 mths: 6⅜; 6 mths: 6⅜; 1 year: 5⅝. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 10	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5 1/16 - 4 15/16	5 1/16 - 4 15/16	5⅛ - 5	5¼ - 5⅛	5⅝ - 5 7/16	5⅞ - 5¾
Danish Krone	7 - 6¾	7 - 6¾	7 - 6¾	7 - 6¾	7⅛ - 6⅞	7¼ - 7
D-Mark	4⅝ - 4½	4⅝ - 4½	4⅝ - 4½	4 11/16 - 4 9/16	4¾ - 4⅝	5 1/16 - 4 15/16
Dutch Guilder	4½ - 4⅜	4⅝ - 4½	4⅝ - 4½	4¾ - 4⅝	4⅞ - 4¾	5⅛ - 5
French Franc	7¾ - 7½	7¾ - 7½	7⅝ - 7⅜	7½ - 7¼	7 1/16 - 6 15/16	6 15/16 - 6 13/16
Portuguese Esc.	9⅜ - 8⅞	9⅞ - 9½	10½ - 10¼	10 15/16 - 10⅝	11¼ - 10 15/16	11⅝ - 11¼
Spanish Peseta	8 9/16 - 8 7/16	8 11/16 - 8 9/16	8 13/16 - 8 11/16	9¼ - 9⅛	9 9/16 - 9 7/16	10¼ - 10⅛
Sterling	6⅜ - 6⅛	5¾ - 5⅝	6⅛ - 6 1/16	6 19/32 - 6 17/32	7 - 6 29/32	7 9/16 - 7 7/16
Swiss Franc	3 5/16 - 3 3/16	3 5/16 - 3 3/16	3¼ - 3⅛	3 5/16 - 3 3/16	3 7/16 - 3 5/16	3½ - 3⅜
Can. Dollar	7 13/16 - 7¾	8 1/16 - 7⅞	8 1/16 - 7 15/16	8⅛ - 8	8⅛ - 8	8⅛ - 8
US Dollar	6 - 5⅞	6 1/16 - 5 15/16	6⅛ - 6	6¼ - 6⅛	6 7/16 - 6 5/16	6 11/16 - 6 9/16
Italian Lira	10¼ - 9¾	10¼ - 10⅛	10 5/16 - 10 3/16	10⅝ - 10½	11 - 10⅞	11⅜ - 11¼
Yen	2½ - 2¼	1 25/32 - 1 23/32	1 11/16 - 1⅝	1 19/32 - 1 17/32	1 19/32 - 1 17/32	1⅝ - 1½
Asian $Sing	3⅞ - 3¾	3¼ - 3⅛	2 13/16 - 2 11/16	2 15/16 - 2 13/16	3 - 2⅞	3⅜ - 3¼

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.47	93.34	-0.13	93.48	93.30	20,017	45,564
Sep	93.75	93.62	-0.13	93.75	93.56	8,433	33,558
Dec	93.61	93.51	-0.10	93.63	93.46	5,990	21,196
Mar	93.38	93.34	-0.08	93.42	93.30	1,147	14,219

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun		93.60	-0.03			0	565
Sep		93.38	-0.06			0	329
Dec		93.14	-0.09			0	255
Mar		93.13	-0.10			0	0

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.31	95.25	-0.06	95.31	95.20	29509	153542
Sep	95.13	94.99	-0.15	95.13	94.90	78867	170962
Dec	94.86	94.71	-0.16	94.86	94.64	62929	119718
Mar	94.54	94.44	-0.14	94.54	94.37	18747	66609

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	89.05	89.15	+0.19	89.17	88.98	7000	38282
Sep	88.87	88.95	+0.09	89.06	88.87	1512	23401
Dec	88.77	88.85	+0.04	88.97	88.77	366	13598
Mar	88.71	88.80	-0.02	88.90	88.71	251	7887

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.58	96.50	-0.12	96.59	96.43	4021	21625
Sep	96.50	96.39	-0.15	96.50	96.35	1872	8913
Dec	96.34	96.25	-0.14	96.35	96.24	500	6262
Mar	96.19	96.10	-0.11	96.19	96.05	173	1733

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.67	93.63	-0.06	93.67	93.59	2623	9401
Sep	93.56	93.50	-0.08	93.56	93.44	965	4490
Dec	93.27	93.20	-0.10	93.27	93.23	129	2387
Mar	93.03	92.99	-0.06	93.03	92.95	106	1658

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 10	BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium (BFr)	100	19.15	16.93	4.870	2.159	5959	5.448	21.76	512.0	433.9	25.41	4.009	2.174	4.796	3.465	287.8	2.637
Denmark (DKr)	52.21	10	8.838	2.543	1.127	3111	2.843	11.36	267.3	226.6	13.27	2.093	1.135	2.504	1.809	150.3	1.377
France (FFr)	59.06	11.32	10	2.877	1.275	3520	3.217	12.86	302.5	256.4	15.01	2.368	1.284	2.833	2.047	170.0	1.558
Germany (DM)	20.54	3.933	3.476	1	0.443	1224	1.118	4.469	105.1	89.11	5.219	0.823	0.446	0.985	0.712	59.11	0.542
Ireland (I£)	46.32	8.872	7.841	2.256	1	2760	2.523	10.08	237.2	201.0	11.77	1.857	1.007	2.222	1.605	133.3	1.222
Italy (L)	1.678	0.321	0.284	0.082	0.036	100.	0.091	0.365	8.592	7.282	0.426	0.067	0.036	0.080	0.058	4.830	0.044
Netherlands (Fl)	18.36	3.517	3.108	0.894	0.396	1094	1	3.996	94.01	79.68	4.667	0.736	0.399	0.881	0.636	52.85	0.484
Norway (NKr)	45.95	8.801	7.778	2.238	0.992	2738	2.502	10	235.3	199.4	11.68	1.842	0.999	2.204	1.592	132.3	1.212
Portugal (Es)	19.53	3.741	3.306	0.951	0.422	1164	1.064	4.251	100.	84.76	4.964	0.783	0.425	0.937	0.677	56.22	0.515
Spain (Pta)	23.05	4.414	3.901	1.122	0.497	1373	1.255	5.015	118.0	100.	5.857	0.924	0.501	1.105	0.798	66.33	0.608
Sweden (SKr)	39.35	7.536	6.660	1.916	0.849	2345	2.143	8.563	201.5	170.7	10	1.577	0.855	1.887	1.364	113.3	1.038
Switzerland (SFr)	24.95	4.778	4.222	1.215	0.539	1486	1.358	5.428	127.7	108.2	6.339	1	0.542	1.196	0.864	71.80	0.658
UK (£)	46.00	8.810	7.786	2.240	0.993	2741	2.506	10.01	235.5	199.6	11.69	1.844	1	2.206	1.594	132.4	1.213
Canada (C$)	20.86	3.994	3.529	1.015	0.450	1243	1.136	4.538	106.8	90.48	5.299	0.836	0.453	1	0.723	60.02	0.550
US ($)	28.86	5.527	4.885	1.405	0.623	1720	1.572	6.280	147.7	125.2	7.334	1.157	0.627	1.384	1	83.06	0.761
Japan (Y)	34.74	6.654	5.881	1.692	0.750	2070	1.892	7.560	177.9	150.8	8.829	1.393	0.755	1.666	1.204	100.	0.916
Ecu	37.92	7.263	6.419	1.847	0.819	2260	2.065	8.252	194.1	164.6	9.637	1.520	0.824	1.819	1.314	109.2	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7196	0.7151	-0.0137	0.7226	0.7130	28,432	55,799
Sep	0.7230	0.7182	-0.0132	0.7230	0.7178	64	2,228
Dec	-	0.7222	-	-	0.7222	2	364

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.2012	1.2194	+0.0148	1.2446	1.1962	30,879	59,609
Sep	1.2295	1.2345	+0.0158	1.2365	1.2292	463	2,910
Dec	1.2503	1.2507	+0.0159	1.2610	1.2485	51	371

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.8810	0.8719	-0.0204	0.8835	0.8710	15,935	27,563
Sep	0.8808	0.8793	-0.0196	0.8821	0.8790	152	2,469
Dec	0.8872	0.8855	-0.0204	0.8875	0.8855	7	194

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.6008	1.5968	-0.0146	1.6024	1.5940	9,686	23,546
Sep	1.5960	1.5960	-0.0128	1.5960	1.5960	34	234
Dec	-	1.5940	-	-	1.5920	3	83

UK INTEREST RATES

LONDON MONEY RATES

Apr 10	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	8 - 6	5⅞ - 5½	6 3/16 - 6	6 11/32 - 6½	7 1/16 - 6 15/16	7 9/16 - 7 7/16
Sterling CDs	-	-	6 3/32 - 5 31/32	6 9/16 - 6 7/16	6 31/32 - 6 27/32	7 7/16 - 7 5/16
Treasury Bills	-	-	6 3/32 - 5 31/32	6¼ - 6⅛	-	-
Bank Bills	-	-	6 1/16 - 5 31/32	6 11/32 - 6¼	6¾ - 6⅝	-
Local authority deps.	6 3/16 - 6 1/16	5 11/16 - 5 9/16	6⅛ - 6	6 5/16 - 6½	7 - 6⅞	7½ - 7⅜
Discount Market deps	5¾ - 4½	5½ - 5⅜	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5¾	5¾	6	6¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc. Ave. tender rate of discount 6.1348pc. ECGD fixed rate Stlg. Export Finance. Make up day Mar 31, 1995. Agreed rate for period Apr 26, 1995 to May 25, 1995, Schemes II & III 7.88pc. Reference rate for period Mar 1, 1995 to Mar 31, 1995, Schemes IV & V 6.713pc. Finance House Base Rate 7pc from Apr 1, 1995

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.86	92.88	0.01	92.89	92.81	14363	92870
Sep	92.45	92.43	-0.03	92.45	92.35	16190	70039
Dec	92.13	92.10	-0.04	92.13	92.04	6093	54291
Mar	91.83	91.81	-0.03	91.83	91.75	2909	38002

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9275	0.26	0.19	0.19	0.13	0.51	0.84
9300	0.11	0.11	0.11	0.23	0.68	1.01
9325	0.03	0.06	0.05	0.40	0.88	1.20

Est. vol. total, Calls 4527 Puts 2437. Previous day's open int., Calls 176027 Puts 139207

EMS EUROPEAN CURRENCY UNIT RATES

Apr 10	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Belgium	39.3960	38.2135	+0.0614	-3.00	7.24	22
Netherlands	2.15214	2.08295	+0.00496	-3.21	7.48	-
Austria	13.4383	13.0906	-0.026	-2.65	6.88	-
Germany	1.91007	1.86015	+0.00367	-2.61	6.82	-
Portugal	195.792	195.782	-0.026	-0.01	4.08	0
Denmark	7.28580	7.31694	+0.01889	0.43	3.58	-3
France	6.40608	6.46568	+0.01545	0.93	3.07	-8
Spain	162.493	166.111	-1.167	2.23	1.76	-16
Ireland	0.792214	0.824105	-0.006816	4.03	0.00	-27
NON ERM MEMBERS						
Greece	292.867	301.900	-0.142	3.08	0.91	-
Italy	2106.15	2279.04	-14.63	8.21	-3.87	-
UK	0.786652	0.830293	-0.006882	5.55	-1.44	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
1.525	7.20	7.48	7.95	-	0.27	0.86
1.550	4.72	5.37	6.08	-	0.66	1.47
1.575	2.42	3.57	4.47	0.11	1.35	2.33
1.600	0.69	2.21	3.14	0.86	2.42	3.42
1.625	0.07	1.24	2.16	2.71	3.89	4.87
1.650	-	0.63	1.40	5.10	5.76	6.63

Previous day's vol., Calls 3,071 Puts 6,770. Prev. day's open int., Calls 237,339 Puts 326,662

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	93.60	93.60	-0.01	93.61	93.58	114,927	522,204
Sep	93.40	93.37	-0.03	93.40	93.35	193,049	359,117
Dec	93.19	93.13	-0.05	93.19	93.12	145,361	268,925

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.16	94.15	-0.02	94.16	94.15	1,036	15,248
Sep	93.90	93.90	-0.02	93.91	93.90	733	10,244
Dec	93.70	93.70	-0.04	93.70	93.70	1,219	9,607

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Apr	CALLS May	CALLS Jun	CALLS Sep	PUTS Apr	PUTS May	PUTS Jun	PUTS Sep
9525	0.03	0.08	0.11	0.11	0.03	0.08	0.11	0.37
9550	0.01	0.01	0.03	0.05	0.26	0.26	0.28	0.56
9575	0	0	0	0.01	0.50	0.50	0.50	0.77

Est. vol. total, Calls 2535 Puts 3290. Previous day's open int., Calls 154863 Puts 248065

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9650	0.10	0.15	0.18	0.10	0.26	0.43
9675	0.03	0.07	0.11	0.28	0.43	0.61
9700	0.01	0.03	0.06	0.51	0.64	0.81

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 887 Puts 685

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	10
Allied Trust Bank	6.75	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7.30	Singer & Friedlander	6.75
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	●Smith & Williamson Secs.	6.75
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	●Guinness Mahon	6.75	●United Bk of Kuwait	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	6.75	●Hambros Bank	6.75	Western Trust	6.75
Bank of India	6.75	Heritable & Gen Inv Bk	6.75	Whiteaway Laidlaw	6.75
Bank of Scotland	6.75	●Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.75	C. Hoare & Co	6.75		
Brit Bk of Mid East	6.75	Hongkong & Shanghai	6.75		
●Brown Shipley & Co Ltd	6.75	Julian Hodge Bank	6.75		
Citibank NA	6.75	●Leopold Joseph & Sons	6.75	● Members of London Investment Banking Association	
Clydesdale Bank	6.75	Lloyds Bank	6.75	* In administration	
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.75		
Coutts & Co	6.75	Midland Bank	6.75		
Credit Lyonnais	6.75	* Mount Banking	6.75		
Cyprus Popular Bank	6.75	NatWestminster	6.75		
		●Rea Brothers	6.75		

LONDON SHARE SERVICE

BANKS, MERCHANT

[illegible]

BANKS, RETAIL

[illegible]

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

BUILDING MATS. & MERCHANTS - Cont.

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

INVESTMENT COMPANIES - Cont.

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PAPER , PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£32½	—	£34	£29	2,124	2.4	Φ
Barlow	♣	86½	+½	89½	£4⅝	1,218	1.6	22.3
Gold Flds Prop R		144xa	—	162	118	14.7	7.3	Φ
NK Props.		90	—	95	85	3.62	13.0	–
SASOL	♥	571	-22	689	435	3,294	2.4	–
SA Brews	†	917	—	£17⅝	£12⅞	4,776	1.7	27.2
Tiger Oats		850	—	875	700	1,276	1.7	20.5
Tongaat-Hulett	†h	743	—	*782	636	677.2	1.9	22.2

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- ‡ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield: p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v P/e ratios are calculated under new ACT guidelines.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
R Forecast annualise yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion

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FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg. Call 0171-873 4378 (+44 171 873 4378, international) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

Sarasin Funds Mngmt (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

GT Asset Management (Ireland) Ltd

Egerton Capital European Fund Plc

Emerging Dynamic Fund Plc

F.I.T. Investment Trust Ltd (u)

Framlington Investment Mgmt (Ireland) Ltd

Frank Russell Investments (Ireland) Ltd (u)

AXA Equity & Law Intl Fund Mgs

City Financial Admin (IoM) Ltd

Duncan Lawrie Inv. Mgt. Ltd

INVESCO International Limited - Contd.

Jupiter Tyndall (Jersey) Ltd

Lloyds Private Banking (CI) Ltd

Lombard Odier (Jersey) Ltd

Disa Income Fund

Dolphin Intl Investments (n) SICAV

Dresdnerbank Asset Mngmt SA (u)

E.T. Investment Management Ltd

Eagle Star - Global Assets Fund (u)

Nikko Japan Return Reversal Fund

Nomura Global Fund (u)

PRECOA Worldwide Inv Portfolio Sicav (u)

Regent Global Fund (u) (z)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

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FT MANAGED FUNDS SERVICE

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Credis Investment Funds

Merrill Lynch Asset Management - Contd.

Albany International Assurance Ltd

Royal Skandia Life Assurance Ltd (z)

Capital International

Cathay Investment Fund Limited

Chameleon Funds Limited

Chescor Indian Investment Company Ltd

The China Fund

Global Asset Management - Contd.

Man International Futures

Rosenwald, Rodd & Co Ltd

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

LONDON STOCK EXCHANGE

MARKET REPORT

Share prices give ground in thin trading volume

By Terry Byland,
UK Stock Market Editor

A sluggish UK stock market, unsettled by the latest developments in the global currency saga, fell prey to interest rate worries yesterday. Equity trading volume was very low, but shares turned off in the wake of government bonds following news that UK output price inflation was running at a 16-month high of 3.8 per cent annually in March.

It was a disappointing session rather than a seriously troubled one, according to market traders. The absence of selling pressure was underlined by a Seaq volume level only slightly above 400m shares just before the official close, barely half the level considered acceptably profitable for the London securities industry.

However, the closing reading of 3,204.2 on the FT-SE 100-share Index, down 6.7 on the day, represented a significant recovery from earlier trading. Initial uncertainty was converted into a setback by the producer price data, which sent the Footsie down by more than 21 points to 3,189.

The later recovery, while doing justice to the unwillingness of investors to sell stock, owed much to a steady opening in New York, where the Dow Jones Industrial Average was about 4 points ahead when London closed.

Background worries remained focused around the currency markets, where the sudden strength of the Japanese yen was widely believed to be the curtain-raiser to a cut in the Japanese discount rate later this week. Action on global interest rates has always been regarded by stock markets as necessary to solve the problems of the US dollar, but the markets need to see the details of any move by Tokyo.

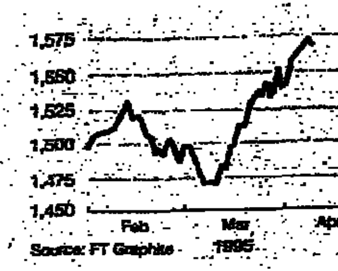
It was the concerns over domestic base rates which kept the broad range of UK stocks suppressed yesterday. Inflationary worries were prompted by the output price figures, and focused market attention on the domestic earnings, wage costs and retail price index which are due later this week. Stores and consumer shares were mostly unsupported, although the absence of sellers enabled equity prices to hold up fairly well.

Sterling was firmer but stock markets remained aware of the undertow of political uncertainty, which was strengthened by the resignation last weekend of another senior Conservative member of parliament. Government candidates are expected to face a further trouncing in local elections in England and Wales early next month.

The stock market picture, however, was by no means all black. Financial stocks found buyers in spite of the threat of bad debts implied by any move to higher UK base rates. The insurance sector responded well to suggestions that exposure to overseas markets will strengthen some companies against a turn in the UK business cycle.

The second line sectors saw little activity, and the FT-SE Mid 250 Index, which takes in a range of second line stocks, slipped 7.3 to 3,490.3. Non-FT-SE 100 stocks provided around 58 per cent of the day's final Seaq total of 436.3m shares.

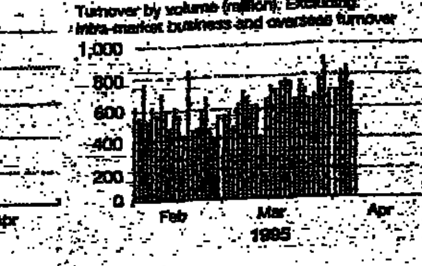
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3204.2	-6.7	FT Ordinary Index	2444.4	-9.7
FT-SE Mid 250	3490.3	-7.3	FT-SE-A Non Fins p/e	17.24	(17.31)
FT-SE-A 350	1589.5	-3.4	FT-SE 100 Fut Jun	3230.0	-6.0
FT-SE-A All-Share	1568.20	-3.04	10 yr Gilt yield	8.48	(8.44)
FT-SE-A All-Share yield	4.08	(4.07)	Long gilt/equity yld ratio:	2.11	(2.10)

Best performing sectors

1 Gas Distribution ..... +0.6
2 Oil, Integrated ..... +0.4
3 Banks, Retail ..... +0.4
4 Life Assurance ..... +0.4
5 Insurance ..... +0.3

Worst performing sectors

1 Food Producers ..... -1.1
2 Engineering, Vehicles ..... -1.0
3 Transport ..... -1.0
4 Oil Exploration ..... -1.0
5 Textiles & Apparel ..... -0.8

Glaxo out of favour

Pharmaceuticals group Glaxo experienced moderate selling against a generally favourable trend for international stocks. The shares shed 4 to 731p in spite of the support of a stronger dollar against sterling.

Mr Joe Riccardo, a veteran pharmaceuticals analyst and senior partner with Bear Stearns, criticised Glaxo in an interview in Barron's, the US financial journal.

He said the company's management lacked a perceived direction and he was not confident that it could get the "appropriate cost savings" out of the takeover of Wellcome, off a penny at 1065p.

BAe strong

British Aerospace comfortably topped the Footsie performance charts with a rise of 14 to 513p. Turnover in the shares was relatively modest at 2.9m, but sentiment was aided by a reaffirmed buy stance from Henderson Crosthwaite and rumours of a big delayed trade.

The monopolies report on the rival bids for submarine maker VSEL from BAe and electronics giant GEC is expected to be completed tomorrow and interest in the situation is once again starting to simmer. GEC softened 1½ to 305p.

Fears of another big rights issue, following a cautious assessment of revenue prospects, sent Eurotunnel spiralling to a 1995 low in heavy volume. The shares tumbled 24 to 218p. Trading was hectic, with activity said to have been inflated by short selling by US hedge funds. Turnover in London was 2.7m, while in Paris – where the bulk of trading is centred – some 11.1m shares changed hands.

The market's rights issue concerns, never very far below the surface where Eurotunnel is concerned, were rekindled by news that revenue was running below the group's budget and unlikely to get back on target until the closing stages of this year. UBS was among a number of investment houses that reiterated sell stances. Klesch, the distressed debt trader, trimmed its quotation for Eurotunnel debt by 10p, to 55p in the pound.

A generally robust financials area of the market saw Lloyds Bank outpace the rest of the banks and close 7½ higher at 638p, helped by a recommendation from UBS.

National Westminster was also well supported, the shares moving forward 6 to 553p, closely followed by TSB, where vague takeover speculation continued to help the stock, which settled 2½ ahead at 247p.

The recent speculation of a bid for Kleinwort Benson continued to fade into the background, with Kleinwort shares retreating sharply to finish 16 off at 627p.

The market's two biggest insurance brokers, Willis Corroon and Sedgwick, figured prominently, with marketmakers pointing to heavy demand for the two stocks from New York, where some of the value funds had pinpointed the shares. Willis was the real feature in the sector, jumping 10, or more than 7 per cent, to 152p and leaving the stock as the top performing FT-SE Mid 250 constituent on the day.

One insurance broking specialist said Willis had long been the subject of vague talk that a bid from Alexander and Alexander, one of the biggest insurance brokers in the US, could be in the making. Others suggested that Aon, another large US insurance group, may have run its slide rule over the company. Sedgwick edged up 2 to 158p.

US and domestic buyers re-emerged to boost British Petroleum shares, which moved up 5 to 436p and again threatened to break through their all-time high of 437¼p, reflecting the recent strong showing of crude oil prices and the company's excellent cost-cutting and profits performance.

Second-line oils continued their recent outperformance. Clyde Petroleum edged up to 48p, still boosted by the same institutional demand which saw the stock surge ahead last week.

Goal Petroleum also came in for keen support, settling 2 better at 65p. Some dealers spoke of the takeover potential in the smaller oil stocks and pointed to Hardy Oil & Gas, now run by Mr John Walmsley, former finance director of Enterprise Oil, as a potential bidder in the sector. Other oil specialists said a move by Hardy was unlikely.

Racal Electronics moved up 5 to 252p ahead of a presentation last night to institutions.

Moss Bros, the suit hire and clothing retailer, jumped 35 to 384p after it reported figures ahead of market expectations. Full-year profits rose from £4.08m to £7.39m.

J. Sainsbury traded in negative territory after ABN-Amro Hoare Govett changed its recommendation from "hold" to "overvalued". Hoare Govett is believed to have told investors that capital returns at Sainsbury will decline, and that this will soon become evident in the share price performance. The stock relinquished 3 at 431p.

Cadbury Schweppes surrendered 9 to 438p after two brokers made bearish comments on the stock. NatWest Securities was said to have advised investors to reduce holdings, while Credit Lyonnais Laing reiterated its sell stance. Analysts at Lyonnais pointed out that the stock had "run too far" in recent sessions, and also that they were cautious regarding the group's long term prospects.

GKN fell 14 to 632p in modest volume following Friday's crash for the military version of the company's EH-101 helicopter. The civil version recently received flight clearance in the US and the UK.

Healthcare group AAH declined 3 to 434p ahead of the company's defence against the bid from Gehe, of Germany. The statement today will include details of the sale of AAH's loss-making waste disposal arm, part of a rationalisation programme which some forecasts put as high as £10m.

AAH is fighting to persuade Gehe to raise its 420p a share bid. Some analysts believe Gehe could comfortably afford 475p a share but Gehe must make up its mind by next Tuesday. UBS argues that shareholders might be happy to allow AAH to retain its independence at around 420p a share. Analyst Mr David Grogan believes that the recent performance of UniChem, the company's principal rival, leaves the bid looking less generous than previously thought. UniChem shares, up more than 20p since the bid opened, added a further penny at 266p.

Amersham International jumped 35 to 880p as the company receives approval from the US Food and Drug Administration for its stabilised Ceretec brain imaging product.

USM-quoted biotechnology group Proteus International gained 6 at 127p on expectation that it will soon reach a deal with SmithKline Beecham on a new adjuvant, a drug that helps patients' bodies accept vaccines. SmithKline improved 3½ to 509p. Under the terms of the possible deal SmithKline would pay up to £4m.

UBS was said to be negative on Thorn EMI, off 11 at 1102p on 2.1m shares dealt.

MARKET REPORTERS:
Steve Thompson,
Peter John, Joel Kibazo,
Jeffrey Brown.

FINANCIAL TIMES EQUITY INDICES

	Apr 10	Apr 7	Apr 6	Apr 5	Apr 4	Yr ago	*High	*Low
Ordinary Share	2444.4	2454.1	2447.1	2444.0	2441.8	2488.4	2454.1	2238.3
Ord. div. yield	4.33	4.31	4.32	4.33	4.33	3.73	4.86	4.31
P/E ratio net	16.81	16.88	16.83	16.80	16.80	21.34	18.04	16.57
P/E ratio nil	15.72	15.79	15.73	15.71	15.71	22.21	17.28	15.77

*For 1995. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index, base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2451.6	2449.0	2449.0	2439.9	2435.2	2436.0	2436.2	2438.4	2442.1	2456.0	2433.2

	Apr 10	Apr 7	Apr 6	Apr 5	Apr 4	Yr ago
SEAQ bargains	22,318	23,599	33,621	41,186	47,692	27,695
Equity turnover (£m)†	-	1542.0	1772.1	1901.8	1827.2	1347.5
Equity bargains†	-	35,304	49,546	62,092	66,209	32,620
Shares traded (ml)†	-	574.6	740.2	850.8	847.0	575.1

†Excluding intra-market business and overseas turnover.

London market data

Rises and falls*		1995 Highs and lows		LIFFE Equity options	
Total Rises	691	Total Highs	152	Total contracts	16,211
Total Falls	502	Total Lows	93	Calls	6,694
Same	1,667			Puts	9,517

April 10 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3231.0	3230.0	-6.0	3241.0	3205.0	9146	70846
Sep	-	3254.0	-5.0			0	1818
Dec		3283.0	-5.0			0	0

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3510.0	3510.0	-15.0	3510.0	3510.0	2	4398

■ FT-SE 100 INDEX OPTION (LIFFE) (*3203) £10 per full index point

	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P	3350 C	3350 P	3400 C	3400 P
Apr	170½	1½	123½	4	78	9	39	23	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	184½	10	142½	17½	105	30	73	48	47½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	199	21½	161	34	125	48	96½	69	70½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	223½	36	189½	48½	152½	64½	122½	84½	95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec†			282½	94½			202	133	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Calls 2,135 Puts 1,500

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P	3375 C	3375 P
Apr	194	2	145½	3	99	6½	58	15½	25½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	206½	7	162½	13	122½	22	86½	36	57½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	222½	20	182	28½	144½	41	111½	57	81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep	276	48			189½	74			139	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec†	315½	69			249	98			190	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Calls 850 Puts 924 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1995 High	1995 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld.	P/E net
150	F.P.	533.0	172	154	Albright & Wilson	170	-1	R8.0	1.5	4.4	18.9
-	F.P.	17.5	201	170	Beale	171		H5.9	-	4.3	-
-	F.P.	4.90	164	113	Brit Aerospace Uts	158	+9	-	-	-	-
-	F.P.	35.1	151	123	Cellegues	155	+1	-	-	-	-
§123	F.P.	15.5	135	130	Dalywm	130		Rv6.0	2.2	5.8	6.8
§130	F.P.	42.7	148	136	Detrontech	146	-2	-	-	-	16.7
175	F.P.	102.7	178	170½	Expro Intl	174		Wv6.0	3.3	4.3	13.0
100	F.P.	20.0	101	100	F&C EUIT Units	100		-	-	-	-
100	F.P.	29.7	101	99	Geared Inc Inv C	99		-	-	-	-
§125	F.P.	16.1	138	115	Golden Rose	130	+5	-	-	-	-
100	F.P.	164.0	102	95	HTR Inc Gth Sp Inc	102½	+½	-	-	-	-
475	175	6,031.8	193	153½	*Nat Power (P/P)	184½	-3½	F15.45	2.6	4.1	12.9
90	F.P.	17.5	92	90	PTS	92		L3.6	1.9	4.9	13.3
512	185	3,995.7	205	176½	*PowerGen (P/P)	182	-3	F15.0	3.2	3.7	11.0
-	F.P.	84.4	533	493	Schroder I G Uts	533	+5	-	-	-	-
100	F.P.	22.8	97	95	Scott Or Smlr Cos	96		-	-	-	-
50	F.P.	3.03	52	33	Supertrame	39	-1	Rv2.0	1.6	6.4	9.6
-	F.P.	3.03	1603	5	Do. Warrants	5	-1	-	-	-	-
145	F.P.	52.5	193	170	Zotefoams	176		Wv4.65	2.1	3.3	17.8

* Note: Issue price 10p higher for institutional and overseas investors.

FT GOLD MINES INDEX

	Apr 7	% chg on day	Apr 6	Apr 5	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1996.79	-1.0	2016.42	2026.05	1951.88	2.13	2337.90	1837.91
■ Regional Indices								
Africa (18)	2540.83	-1.5	2535.41	2536.02	2506.78	4.90	3711.87	2304.45
Australasia (7)	2422.18	-1.0	2445.45	2465.18	2368.30	1.75	2951.49	1788.20
North America (11)	1651.33	-0.7	1702.71	1701.66	1691.61	0.73	1911.21	1348.18

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.
Latest prices were unavailable for this edition.

FT-SE Actuaries Share Indices — The UK Series

	Apr 10	Day's chge%	Apr 7	Apr 6	Apr 5	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3204.2	-0.2	3210.9	3200.9	3190.2	3149.4	4.25	1.91	15.39	49.29	1243.01
FT-SE Mid 250	3490.3	-0.2	3497.6	3482.4	3458.3	3779.5	3.89	1.84	18.40	37.14	1329.35
FT-SE Mid 250 ex Inv Trusts	3500.5	-0.2	3509.1	3492.8	3477.8	3797.3	3.83	1.91	17.13	38.38	1331.81
FT-SE-A 350	1589.5	-0.2	1592.3	1587.5	1581.9	1597.5	4.13	1.90	15.97	22.77	1260.41
FT-SE-A 350 Higher Yield	1601.3	-0.3	1606.7	1601.8	1596.3	1607.7	5.07	1.70	14.46	29.78	1047.86
FT-SE-A 350 Lower Yield	1577.9	-0.1	1578.6	1572.9	1563.4	1546.8	3.02	2.28	18.19	15.44	1050.73
FT-SE SmallCap	1732.77	___	1732.75	1730.14	1727.05	1914.02	3.48	1.57	22.95	18.14	1369.63
FT-SE SmallCap ex Inv Trusts	1710.86	___	1711.26	1707.59	1704.20	1886.71	3.70	1.63	20.74	18.20	1356.32
FT-SE-A ALL-SHARE	1568.20	-0.2	1571.24	1568.05	1560.78	1557.25	4.08	1.88	16.35	22.01	1264.17

■ FT-SE Actuaries All-Share

	Apr 10	Day's chge%	Apr 7	Apr 6	Apr 5	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	2741.86	+0.2	2735.81	2724.39	2735.26	2605.89	3.76	1.75	19.05	52.85	1129.01
12 Extractive Industries(7)	3724.22	-0.2	3732.34	3705.78	3697.64	3971.31	3.78	1.96	16.85	91.07	1054.34
15 Oil, Integrated(3)	2726.64	+0.4	2714.53	2706.20	2724.18	2523.76	3.88	1.79	17.99	50.43	1147.36
16 Oil Exploration & Prod(14)	1978.17	-1.0	1997.49	1977.66	1964.04	1894.65	2.49	0.43	80.00†	31.57	1163.83
20 GEN INDUSTRIALS(279)	1886.97	-0.2	1890.73	1884.24	1876.27	2087.68	4.15	1.62	18.58	25.30	984.17
21 Building & Construction(38)	976.33	___	976.82	975.63	976.49	1329.89	4.07	1.87	16.43	13.84	782.30
22 Building Matls & Merchs(31)	1781.55	-0.4	1789.42	1774.06	1762.86	2121.12	4.12	1.71	17.75	20.63	857.83
23 Chemicals(22)	2264.59	+0.1	2261.39	2253.99	2247.18	2476.69	4.17	1.38	21.73	32.31	1027.25
24 Diversified Industrials(18)	1835.25	-0.3	1841.08	1837.98	1837.12	2075.28	5.20	1.44	16.70	37.72	970.61
25 Electronic & Elect Equip(37)	1993.40	-0.2	1997.76	1990.36	1982.68	2070.67	3.66	1.92	17.74	8.51	989.41
26 Engineering(72)	1844.47	+0.2	1840.82	1832.45	1819.94	1929.02	3.34	1.89	19.84	18.31	1074.35
27 Engineering, Vehicles(13)	2216.82	-1.0	2239.26	2245.67	2228.27	2337.02	4.12	0.80	37.67	29.26	1100.09
28 Paper, Pckg & Printing(27)	2848.21	-0.1	2851.65	2849.29	2823.12	2917.90	3.35	2.27	16.42	36.29	1142.65
29 Textiles & Apparel(21)	1565.26	-0.8	1578.48	1568.18	1559.18	1805.27	4.47	1.28	21.92	24.66	910.79
30 CONSUMER GOODS(94)	3022.73	-0.4	3036.07	3023.62	3010.20	2733.38	4.29	1.57	18.59	51.38	1069.31
31 Breweries(18)	2285.08	-0.6	2299.69	2293.23	2280.85	2243.67	4.20	2.00	14.92	12.19	1047.00
32 Spirits, Wines & Ciders(10)	2729.84	-0.4	2740.61	2730.95	2723.24	2951.20	4.25	1.83	16.06	54.17	941.71
33 Food Producers(24)	2422.96	-1.1	2450.05	2443.97	2432.04	2337.68	4.17	1.86	16.08	46.30	1051.14
34 Household Goods(10)	2487.73	-0.4	2498.07	2486.32	2483.41	2571.60	3.70	0.86	39.07	49.64	919.45
36 Health Care(18)	1690.54	___	1690.26	1680.65	1697.93	1716.76	3.06	1.07	38.27	8.14	992.20
37 Pharmaceuticals(12)	3820.73	___	3821.24	3804.65	3787.58	2810.04	4.06	1.20	25.68	49.21	1242.68
38 Tobacco(2)	3777.94	-0.7	3804.11	3765.93	3732.55	3821.23	6.00	1.63	12.76	131.29	894.15
40 SERVICES(229)	1941.95	-0.5	1951.22	1947.33	1941.11	2032.76	3.34	2.11	17.74	17.49	971.44
41 Distributors(32)	2375.83	+0.3	2369.44	2361.62	2351.77	2992.41	4.00	1.94	16.09	39.39	844.44
42 Leisure & Hotels(29)	2171.05	-0.5	2182.16	2187.81	2184.73	2230.87	3.53	1.56	22.70	28.91	1091.58
43 Media(43)	2873.87	-0.2	2879.39	2875.97	2861.30	3093.03	2.68	2.35	19.87	35.09	1013.34
44 Retailers, Food(16)	1889.74	-0.5	1899.46	1888.32	1886.71	1595.62	3.50	2.50	14.32	4.43	1143.25
45 Retailers, General(44)	1624.41	-0.5	1633.33	1633.61	1627.53	1743.69	3.37	2.13	17.47	10.68	890.12
48 Support Services(37)	1499.38	-0.4	1504.82	1491.29	1480.11	1634.77	2.85	2.45	17.87	10.37	924.81
49 Transport(21)	2234.81	-1.0	2257.09	2248.00	2244.30	2519.15	3.85	1.91	17.01	25.05	892.79
51 Other Services & Business(7)	1187.47	-0.6	1194.09	1195.56	1196.09	1160.59	3.79	1.22	26.94	10.90	1039.77
60 UTILITIES(37)	2282.38	-0.4	2291.56	2280.50	2280.04	2337.86	4.77	2.02	12.96	6.85	899.27
62 Electricity(17)	2124.32	-0.4	2133.16	2123.49	2107.84	2248.62	4.81	2.67	9.73	19.89	909.11
64 Gas Distribution(2)	1990.75	+0.6	1978.57	1960.73	1982.87	1986.40	6.02	1.15	18.08	0.00	935.04
66 Telecommunications(5)	1992.73	-0.8	2009.45	2001.44	2005.23	2058.03	4.10	1.69	18.06	0.13	864.90
68 Water(13)	1827.01	___	1827.78	1821.62	1812.42	1801.78	5.48	2.74	8.34	4.62	931.61
69 NON-FINANCIALS(683)	1690.11	-0.3	1695.36	1689.35	1685.17	1709.91	4.04	1.80	17.24	20.66	1222.45
70 FINANCIALS(118)	2280.79	+0.3	2273.15	2267.52	2249.02	2281.62	4.63	2.32	11.64	55.69	934.32
71 Banks, Retail(9)	3054.39	+0.4	3041.20	3033.97	3000.78	2884.16	4.49	2.92	9.52	86.03	948.02
72 Banks, Merchant(6)	3108.19	___	3108.97	3109.61	3110.35	2981.82	3.72	2.51	13.37	28.82	952.95
73 Insurance(26)	1272.83	+0.3	1269.11	1259.45	1246.50	1394.64	5.57	1.65	13.57	33.96	905.54
74 Life Assurance(6)	2575.59	+0.4	2568.73	2550.27	2519.74	2567.26	5.27	1.33	17.89	87.68	1083.27
77 Other Financial(23)	1949.71	+0.1	1947.31	1938.38	1931.57	1913.07	3.86	2.31	13.67	20.98	1085.25
79 Property(46)	1353.46	+0.1	1351.89	1360.46	1367.47	1632.74	4.44	1.19	23.83	11.62	792.02
80 INVESTMENT TRUSTS(133)	2640.80	___	2640.35	2636.37	2631.94	2836.65	2.41	1.02	50.71	20.19	898.21
89 FT-SE-A ALL-SHARE(914)	1568.20	-0.2	1571.24	1568.05	1560.78	1587.25	4.08	1.88	16.35	22.01	1264.17
FT-SE-A Fledgling	963.05	___	963.06	960.73	960.18	-	3.10	1.09	37.13	8.69	971.74
FT-SE-A Fledgling ex Inv Trusts	958.44	___	958.61	956.33	955.78	-	3.28	1.11	34.43	9.21	967.61

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3210.8	3205.4	3207.6	3197.3	3192.2	3192.6	3193.5	3195.1	3203.2	3213.0	3189.7
FT-SE Mid 250	3489.7	3490.6	3490.4	3488.4	3487.2	3487.6	3488.0	3488.9	3489.4	3491.5	3486.8
FT-SE-A 350	1592.0	1590.0	1590.9	1586.7	1584.6	1584.8	1585.2	1585.9	1589.1	1593.0	1583.6

Time of FT-SE 100 Day's high: 9.21am Day's low: 11.40am. FT-SE 100 1995 High: 3210.9(7/4) Low: 2954.2 (23/1).

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	963.9	963.9	964.3	963.6	963.8	963.8	963.6	963.8	963.8	963.8	965.5	-1.7
Pharmaceuticls	3799.2	3780.7	3784.4	3769.1	3771.3	3767.7	3771.0	3773.2	3782.8	3787.4	3788.7	-1.3
Water	1820.0	1819.5	1819.0	1818.9	1817.4	1817.6	1817.3	1818.5	1819.9	1820.3	1821.1	-0.8
Banks, Retail	3080.4	3078.8	3091.6	3083.6	3075.5	3073.5	3073.5	3075.7	3091.8	3093.4	3080.0	+13.4

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT, Fitzroy House, 13-17 Epworth Street, London EC2A 4DL.
The FT "500" has been renamed FT-SE-A Non-Financials index. The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.

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TRADING VOLUME

■ Major Stocks Yesterday

مكنا من الاصل

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Apr 10 / Sch) [illegible]

BELGIUM/LUXEMBOURG (Apr 10 / Frs.) [illegible]

CZECH REP (Apr 10 / Koruna) [illegible]

DENMARK (Apr 10 / Kr) [illegible]

FINLAND (Apr 10 / Mkka) [illegible]

FRANCE (Apr 10 / Frs.) [illegible]

GERMANY (Apr 10 / Dm.) [illegible]

GREECE (Apr 10 / Drachma) [illegible]

ITALY (Apr 10 / Lire) [illegible]

NETHERLANDS (Apr 10 / Fls.) [illegible]

NORWAY (Apr 10 / Kroner) [illegible]

POLAND (Apr 7 / Zloty) [illegible]

PORTUGAL (Apr 10 / Escudo) [illegible]

SPAIN (Apr 10 / Pts.) [illegible]

SWEDEN (Apr 10 / Kronor) [illegible]

SWITZERLAND (Apr 10 / Frs.) [illegible]

TURKEY (Apr 10 / TK Lira) [illegible]

PACIFIC

JAPAN (Apr 10 / Yen) [illegible]

HONG KONG (Apr 10 / H.K.$) [illegible]

INDONESIA (Apr 10 / Rupiah) [illegible]

MALAYSIA (Apr 10 / MYR) [illegible]

NEW ZEALAND (Apr 10 / NZ $) [illegible]

SINGAPORE (Apr 10 / S$) [illegible]

AUSTRALIA (Apr 10 / Aust$) [illegible]

SOUTH KOREA (Apr 10 / Won) [illegible]

TAIWAN (Apr 10 / TW $) [illegible]

THAILAND (Apr 10 / Baht) [illegible]

AFRICA

SOUTH AFRICA (Apr 10 / Rand) [illegible]

NORTH AMERICA

CANADA

MONTREAL (Apr 10 / Can $) 4 pm close [illegible]

TORONTO (Apr 10 / Can $) 4 pm close [illegible]

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

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INDICES

	Apr 10	Apr 7	Apr 6	1995 High		1995 Low	
Greece Athens SE(31/12/80)	817.86	821.68	818.94	1194.88	18/1/94	787.18	16/3/95
Hong Kong Hang Seng(31/7/64)	8469.78	8470.28	8418.18	12201.09	4/1/94	6967.93	23/1/95
India BSE Sens.(1978)	3484.78	3472.08	3494.25	4628.57	12/9/94	2233.31	22/2/95
Indonesia Jakarta Comp.(10/8/82)	428.12	428.99	430.85	612.89	5/1/94	422.13	24/3/95
Ireland ISEQ Overall(4/1/88)	1684.22	1671.38	1665.01	2062.16	20/1/94	1694.14	1/7/94
Italy Banca Comm Ital (1972)	593.92	596.94	595.56	617.17	10/5/94	581.84	13/12/94
MIB General (2/1/95)	938.0	941.0	941.0	1318.00	10/5/94	928.00	23/3/95
Japan Nikkei 225 (16/5/49)	16163.08	15719.50	15816.87	21552.81	13/6/94	15381.29	3/4/95
Nikkei 300 (1/10/82)	239.72	234.71	236.85	311.71	13/6/94	228.05	24/3/95
Switzerland Swiss Bk Ind (31/12/58)	1198.40	1198.60	1196.42	1428.34	31/1/94	1138.72	27/10/94
SBC General (1/4/87)	896.32	898.97	895.16	1093.29	31/1/94	870.58	13/3/95
Taiwan Weighted Pr.(30/6/66)**	6528.98	6518.83	6575.71	7191.13	1/11/94	5194.93	19/3/94
Thailand Bangkok SET (30/4/75)	1190.53	1177.04	(c)	1789.73	4/1/94	1135.89	19/3/95
Turkey Istanbul Cmp.(Jan 1986)	45113.81	44622.8	44293.7	45113.81	10/4/95	12896.70	24/3/94
WORLD MS Capital Int (1/1/70)§	648.9*	648.9	647.1	649.99	2/11/94	591.80	1/11/94
CROSS-BORDER Eurotrack 100(26/10/90)	1282.54	1281.60	1277.00	1540.19	31/1/94	1222.41	13/3/95
Euro Top-100 (26/6/90)	1168.57	1170.07	1167.13	1311.01	2/2/94	1117.34	9/3/95
JCapsDrgsa (31/12/88)	(u)	305.44	305.24	365.18	5/1/94	281.48	23/1/95
Barings Emerg.(7/1/92)	138.60	137.09	136.40	191.79	26/9/94	117.15	10/3/95

Other index rows (Argentina to Germany, Japan to Switzerland): [illegible]

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40 (200 x index)							
Mar	1908.0	1891.0	-21.0	1919.0	1881.0	16,936	26,413
Apr	1904.5	1887.5	-21.0	1905.0	1884.0	7	10,067
DAX							
Jun	1998.00	1988.00	+3.00	1999.0	1970.0	17,658	-
Sep	2018.00	2011.00	+3.00	2019.5	1995.5	40	-
OMX							
Apr	1172.00	1173.00	+6.00	1179.00	1172.00	5,239	22,130
May	1165.00	1165.50	+5.00	1166.00	1161.00	184	1,619
SOFFEX							
Apr	2569.0	2581.0	-	2571.5	2550.2	3,163	19,898
Jun	2516.0	2527.0	+11.6	2518.0	2519.0	41	192

** Sat Apr 8 : Taiwan Weighted Price 6553.49; Korea Comp Ex 908.89. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Apr 10 – 1980.81 +2.10.

US INDICES

Dow Jones	Apr 7	Apr 6	Apr 5	1995 High	1995 Low	Since compilation High	Since compilation Low
Industrials	4192.62	4205.41	4200.57	4205.41 (6/4)	3832.08 (30/1)	4205.41 (6/4/95)	41.22 (2/7/32)
Home Bonds	98.58	98.43	98.61	98.61 (5/4)	93.63 (3/1)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1644.24	1637.61	1628.99	1665.97 (30/3)	1473.19 (3/1)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	194.04	193.12	193.71	196.74 (8/2)	183.03 (3/1)	256.45 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 4228.86 (4239.31) Low 4154.83 (4179.15) (Theoretical♦)
Day's high 4211.29 (4224.09) Low 4169.45 (4197.81) (Actual♦)

Standard and Poors	Apr 7	Apr 6	Apr 5	1995 High	1995 Low	Since compilation High	Since compilation Low
Composite ‡	506.42	506.08	505.57	506.42 (7/4)	459.11 (3/1)	506.42 (7/4/95)	4.40 (1/6/32)
Industrials♥	600.37	600.45	601.01	601.01 (6/4)	548.28 (3/1)	601.01 (6/4/95)	3.62 (21/6/32)
Financial	47.81	47.71	47.08	47.81 (7/4)	41.41 (2/1)	48.48 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	273.73	273.78	273.48	273.78 (6/4)	250.73 (3/1)	273.78 (6/4/95)	4.46 (28/4/42)
Amex Mkt Val	469.35	468.87	467.85	469.35 (7/4)	433.12 (6/1)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	814.89	813.80	816.32	826.14 (28/3)	743.58 (3/1)	826.14 (28/3/95)	54.87 (31/10/72)

RATIOS

	Apr 7	Mar 31	Mar 24	Year ago
Dow Jones Ind. Div. Yield	2.61	2.64	2.65	2.78
	Apr 5	Mar 29	Mar 22	Year ago
S & P Ind. Div. yield	2.26	2.27	2.33	2.51
S & P Ind. P/E ratio	18.11	18.05	17.60	23.55

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Seagram	8,455,600	28⅞	-1¼
Du Pont	7,141,000	62½	-2¼
Chilgener	5,069,900	27	+1
Asia Pulp	4,555,000	11⅝	+⅛
Compaq	4,416,600	31¼	-1
K Mart	3,784,100	15⅜	+½
Natl Medical	3,687,000	16⅝	+¼
Telefonos	3,344,400	30¼	+⅛
RJR Nabisco	3,255,300	6	——
Chase Man	3,250,400	42⅝	+1

TRADING ACTIVITY

● Volume (million)

	Apr 7	Apr 6	Apr 5
New York SE	317.261	322.600	316.131
Amex	17.759	18.957	24.425
NASDAQ	295.831	320.368	323.099
NYSE			
Issues Traded	2,947	2,948	2,965
Rises	998	1,124	1,183
Falls	1,131	981	978
Unchanged	818	843	804
New Highs	78	93	66
New Lows	19	14	13

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
S&P 500							
Jun	508.65	508.05	-0.60	508.75	507.60	73,149	192,445
Sep	512.15	512.30	-0.65	512.75	512.10	810	10,270
Nikkei 225							
Jun	15720.0	16260.0	+490.0	16260.0	15610.0	30,629	125,654
Sep	15800.0	15870.0	-30.0	15870.0	15800.0	11	89

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

TOKYO - MOST ACTIVE STOCKS: Monday, April 10, 1995

	Stocks Traded	Closing Prices	Change on day
Fudo Const	12.1m	923	+29
Nippon Steel	6.2m	331	+5
Mitsubishi Hvy	3.7m	624	+6
Hitachi	3.6m	854	+4
Toshiba Corp	3.4m	574	+4
Nomura Sec	3.2m	1,650	+40
Sumitomo Const	2.8m	678	+10
Sumitomo Mtl Mng	2.8m	755	-2
Sumitomo Mtl Ind	2.5m	266	+5
NKK Corp	2.5m	231	+4

4 pm close April 10

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
14¼	12⅛	AAR	0.48	3.6	22	343	13¾	12⅞	13¼	+⅜
23⅝	19¼	ALPharmaA	0.18	0.8	292	198	23⅛	22⅞	23⅛	+½
39⅛	35	AMP	0.92	2.4	22	4025	u39⅛	38⅜	39⅛	+⅝
68⅝	53⅜	AMR			30	9867	68½	67⅜	68⅛	
47⅞	41⅞	ASA	1.71	3.8	30	825	46⅛	45⅜	45½	-1
38⅜	30¾	AbbotL x	0.84	2.2	20	10319	37⅞	37	37½	+¼
14⅝	12	AbitiBi Pr	0.50	3.5	19	442	14⅜	14⅛	14⅛	-⅛
24⅜	21	ABM Ind	0.60	2.8	12	60	21⅞	21½	21¾	+⅛
16⅝	14¼	Acpacein			8	35	14¾	14⅝	14⅝	-⅛
27	21⅞	ACE Ltd	0.44	1.7	8	1399	26¼	25⅞	26	
9¾	8⅛	ACM Gvt In	0.90	10.9	7	345	8¼	d8⅛	8¼	+⅛
7½	6½	ACM GvOpp	0.66	10.0		90	6⅞	6⅝	6⅝	-¼
7½	5¾	ACM Gvt Sp	0.75	12.0		305	6⅜	6¼	6¼	
8⅝	7¼	ACM Gvt Se	0.90	12.2		996	7⅝	7⅜	7⅜	-⅛
8½	7⅝	ACM Man	1.08	13.9		160	7⅞	7¾	7¾	-⅛
7⅝	7⅛	ACM Mangd x	0.72	9.9		433	7⅜	d7⅛	7¼	
19¼	10¾	AcmeClv	0.48	2.6	11	71	18¾	18¼	18½	-⅛
21½	12⅞	Acme Elect			22	72	20⅛	19⅝	19⅞	-⅛
34½	31⅜	Acordia	0.72	2.2	15	9	32⅝	32½	32⅝	+⅛
11⅜	8⅝	Actava	0.36	3.7	7	88	9¾	9⅝	9⅝	-⅛
18¾	11⅞	Acuson			18	510	11¾	11⅜	11½	+⅛
16⅝	15⅝	Adams Expr	0.36	2.2	0	106	16½	16⅜	16½	
68½	53	Ad Micro				68	68	66	68	
36⅞	25	AdvMic			12	11764	36¾	36¼	36½	-⅜
6⅜	5	Advest Grp	0.16	2.8	28	145	5¾	5½	5⅝	
20⅞	16½	Advo Inc	0.10	0.5	17	233	u20⅞	20¾	20⅞	+⅛
73⅛	63⅞	Aegon ADR	1.47	2.0	14	135	72½	71¾	72	-1⅛

- B -

- C -

- D -

- E -

- F -

- G -

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4 pm close April 10

NYSE COMPOSITE PRICES

Continued from previous page

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
10	8	SantaFeERs	0.16	1.8	162	903	9¼	9⅛	9¼	
12⅞	9	SFeSd			25	6012	12½	11⅞	12	-⅝
37	33¼	SFePPips	2.80	7.7	9	62	36⅝	36¼	36¼	
23⅜	17⅛	SanFeP	0.10	0.4	21	3381	22⅞	22⅛	22⅞	+⅜
27⅞	24¼	SaraLee	0.68	2.4	57	7853	u28⅛	27½	28	+⅛
45⅛	41⅛	Scana Corp	2.88	6.7	13	1697	43	42¾	42⅞	
16¾	14½	Scecrp	1.00	6.2	10	4376	16½	16¼	16¼	-¼
11⅞	8⅛	SchawkA	0.26	2.9	13	78	9	8⅞	8⅞	-⅛
50¼	42⅜	ScheringP			30	980	48⅛	46¾	48	+1
78⅝	71	SchPl	2.32	3.0	18	2881	78	77½	77¾	+⅜
60⅛	50⅛	Schlmb	1.20	2.0	25	3361	59¾	59⅛	59⅛	-¾
48⅜	26⅜	Schwab(C)	0.24	0.8	19	2720	31	30	30¾	+1
10⅞	7¾	Schweitzer			8	374	10⅝	10⅛	10½	+¼
24⅞	17½	SciAtl	0.06	0.3	29	651	23	22⅝	22⅞	
19⅝	16⅞	Scotsman	0.10	0.5	12	45	18½	18⅛	18⅜	+⅜
91⅛	67⅛	ScottP	0.80	0.9	25	1606	90	89⅝	89⅝	+⅜
32¾	28⅝	Scripps	0.44	1.4	18	502	30⅝	30½	30½	-⅛
21½	14⅜	ScuddrNAsF	0.02	0.1		71	18⅜	18	18⅛	
9¾	8⅝	ScuddrNEuF	0.16	1.8		501	9⅛	8⅞	8⅞	-¼
14⅞	13⅞	SeaCnB	0.70	4.9	9	2	14¼	14¼	14¼	+¼
16	14⅝	SeaC1.4625	1.46	9.4		8	15¾	15⅝	15⅝	
28⅝	23⅝	S'gate			8	8542	u28⅞	28	28⅛	+⅛
32⅜	25⅝	Seagrm	0.60	2.3	12	24611	26⅞	26¼	26⅜	+⅜
20	15¼	Seagull En			197	2635	17⅞	17⅝	17¾	
45½	35⅞	Sealed Air			22	368	42½	42	42½	+⅛
54⅛	44⅛	SearsR	1.60	3.0	16	3851	52⅞	52	52⅞	+½
18½	16⅝	SecCapStR	1.15	6.8	25	807	17⅛	16⅞	16⅞	-⅛
12¼	10⅝	Seligm Sel	0.84	7.0		124	12	11⅞	12	
35⅞	27½	Sensormat	0.22	0.7	23	5466	29⅝	28¾	29⅝	+½
31¾	21⅞	SequaA	0.60	2.2	9	66	27⅛	27	27	
32⅝	23	SequaB	0.50	1.6	16	18	31¾	31⅛	31⅛	-⅛
29⅛	26¼	ServCp	0.44	1.5	19	2085	u29½	28¾	28⅞	-⅛

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
19⅞	14¾	Woolwth	0.80	3.2	52	1802	18⅞	18⅜	18⅞	+⅜
14¼	13¼	World Wide	0.10	0.7		373	u14¼	14	14¼	+¼
10	7¼	Worldcorp			130	465	9¼	8⅞	9⅛	
29¾	26¾	WPS Rs	1.82	6.2	13	166	29⅝	29¼	29½	
49⅛	43½	Wrigley	0.58	1.3	22	645	44⅝	44⅛	44⅜	-⅛
24⅞	19⅝	Wyle Labor	0.28	1.2	21	695	23¾	23⅝	23¾	+⅛
22¼	19½	Wynns Int	0.52	2.4	10	25	22	21¾	22	+¼

- X - Y - Z -

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
120½	95½	Xerox	3.00	2.6	17	2577	117⅝	116	117¼	+¾
52½	44⅛	Xtra Corp	0.64	1.4	12	656	45¾	45⅜	45⅝	+¼
22⅝	20	Yankee Egy	1.22	6.0	11	63	20⅝	20⅜	20½	
39¾	34⅛	York Int	0.16	0.4	16	324	38¾	38⅜	38¾	+⅝
4⅝	3¼	Zapata	0.14	3.6	12	239	4	3⅞	3⅞	-⅛
12⅛	6⅞	ZenithE			20	6544	7⅛	d6⅞	7	
22¾	19⅝	Zenith Nat	1.00	4.8	10	31	21⅛	21	21	-¼
6⅝	6⅛	Zenix Inc	0.76	11.6		77	6½	6⅜	6½	+⅛
14⅝	12⅝	Zero	0.44	3.1	15	146	14⅜	14	14¼	+¼
20¼	16⅞	Zurn Ind	0.88	4.4	76	230	20	19½	19⅞	
11¼	10⅜	Zweig Fund	1.04	9.7		201	10¾	10½	10¾	+⅛
8¾	7⅞	Zweig Totl x	0.84	10.0		139	8½	8⅜	8⅜	

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1995. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full. f Dealings suspended.

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4 pm close April 10

AMEX COMPOSITE PRICES

4 pm close April 10

NASDAQ NATIONAL MARKET

AMERICA

Dow unable to make progress ahead of data

Wall Street

With the exception of the Nasdaq composite, US stock indices were mostly flat by early afternoon yesterday after a volatile morning, *writes Lisa Bransten in New York.*

By 1pm the Dow Jones Industrial Average was 2.41 higher at 4,203.34, while the Standard & Poor's 500 slipped 0.34 to 506.08.

The American Stock Exchange composite was up 1.13 at 468.31. Meanwhile, the Nasdaq composite was ahead 4.76 at 819.45. Trading volume on the New York Stock Exchange came to 142m shares.

Trading was choppy as investors awaited data on producer prices, consumer prices and industrial production, to be released today, tomorrow and Friday respectively. All of the indices have rallied since February on signs that the Federal Reserve's seven rounds of monetary tightening would be enough to slow economic growth. Yesterday analysts expressed concern that signs of inflation could turn the market bearish if traders believed that the Fed might raise interest rates again.

The Nasdaq composite was the only index to move solidly up as technology shares bounced off recent lows to surge past the rest of the market.

The Pacific Stock Exchange index of technology shares advanced nearly 1 per cent.

Rising Nasdaq-traded technology issues included: Microsoft, the exchange's largest company, up $1¾ at $71, Intel, rising $⅞ at $88, and Adobe Systems, which gained $2¾ at $50⅞.

On the New York stock exchange, IBM, the only technology issue in the Dow, was $1 higher at $85⅛, Digital Equipment rose $1¼ at $41⅞, and Texas Instruments was $1⅝ higher at $92⅞.

McDonnell Douglas jumped $1¼ at $57⅞ on reports that the aircraft manufacturer had won a $910m order to build 30 Apache helicopters for the Royal Netherlands European forces.

American depository receipts of Telmex lost $⅞ at $29⅝ in tandem with much of the rest of the Mexican market, after Merrill Lynch downgraded the company to hold from above average.

Lin Broadcasting was $1⅞ higher at $124 after AT&T announced it would buy up the share of the company that it did not already own for $3.3bn or $127½ per share. Shares in AT&T lost $¼ at $51⅞.

Clark Equipment rose $1¼ at $85⅝ after the company agreed to be acquired by Ingersoll Rand for $1.5bn or $86 a share. Ingersoll shares dropped $¾ at $32⅞ on the news.

Canada

Toronto was weaker at midday, dragged down by sharply lower gold shares, and the TSE-300 index fell 18.69 to 4,246.21 in volume of 25.1m shares. Declining stocks outpaced advances by 351 to 213, with 312 issues unchanged.

The heavily weighted golds sector led declines in seven of Toronto's 14 sub-indices, losing 278.37 at 9,968.88.

Other weak sectors included conglomerates, transport, and industrial products. On the strong side, gains were led by media and consumer products.

Lima up on poll result

The Lima exchange was boosted by the victory of Mr Alberto Fujimori in the weekend presidential election. The general index was up 5 per cent at 1,297.6 in early trading in heavy volume.

Analysts said they expected a wave of buying from foreign institutions. Last week the market rose some 16 per cent in anticipation of Mr Fujimori's re-election.

MEXICAN shares fell 1.9 per cent in early trade as heavily weighted Telmex shares dragged down an otherwise thin market. The IPC index stood at 1,914.97, down 37.19.

Telmex L shares were down 3.7 per cent. Traders said the stock was pulled down by a drop in Telmex ADRs, hit after Merrill Lynch downgraded the company from above average to long-term neutral.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1995	Start of 1995	Start of 1995
Austria	+1.96	-2.22	-14.72	-8.49	-0.01	+2.69
Belgium	+3.83	+5.21	-6.84	-0.61	+8.53	+11.47
Denmark	+0.18	-2.99	-17.57	-7.64	+0.71	+3.43
Finland	+4.35	+1.09	+2.04	-9.20	-1.46	+1.19
France	+2.12	+8.60	-9.93	+1.94	+10.29	+13.27
Germany	+3.32	-0.78	-11.83	-6.59	+2.08	+4.84
Ireland	+1.06	+3.80	+5.06	+1.12	+3.04	+5.82
Italy	-0.10	-0.58	-18.21	-4.43	-11.27	-8.89
Netherlands	+1.92	+2.08	-1.64	-1.89	+7.23	+10.12
Norway	+4.09	+4.31	-4.77	-7.09	-1.23	+1.44
Spain	+2.46	+3.44	-13.51	-3.35	-0.20	+2.49
Sweden	+3.48	+4.66	+5.68	+3.88	+2.40	+5.17
Switzerland	+1.47	+3.19	-10.02	-3.00	+8.99	+11.94
UK	+2.25	+6.32	+1.18	+4.42	+4.42	+7.24
EUROPE	+2.26	+4.19	-5.65	-0.05	+4.31	+7.12
Australia	+4.48	+6.30	-2.44	+4.04	-3.18	-0.57
Hong Kong	-2.04	+4.52	-11.40	+4.18	+1.51	+4.25
Japan	-3.01	-3.86	-20.89	-18.51	-5.92	-3.38
Malaysia	-1.75	+2.17	+2.32	-0.85	-1.13	+1.54
New Zealand	+4.12	+7.31	+5.51	+9.50	+10.48	+13.47
Singapore	-1.51	+1.71	+3.40	-7.04	-5.99	-3.45
Canada	-1.51	+2.56	+2.55	+2.03	+0.15	+2.86
USA	+1.17	+3.31	+12.54	+10.19	+7.30	+10.19
Mexico	+5.32	+21.42	-7.15	-13.33	-34.70	-32.94
South Africa	+4.06	+4.78	+12.72	-7.73	+1.97	+4.73
WORLD INDEX	+0.25	+1.63	-4.20	-2.51	+1.46	+4.20

† Based on April 7, 1995.

EUROPE

Eurotunnel slides 6.5% in Paris on debt worries

The markets moved in various directions yesterday, influenced as much by individual stories as by movements on the currency markets.

Further support for a European recovery came from Mr Joe Rooney of Lehman Brothers, who increased his exposure to European equities by 10 percentage points to 55 per cent, at the expense of bonds, where exposure was reduced from 45 per cent to 35 per cent. The Lehman's strategist said he saw France, Sweden and Spain as offering the best value, while he had also increased his weighting in Germany by 2 per cent to a more neutral stance.

S.G. Warburg also lifted its equity weighting, to overweight, believing that there was scope for "positive earnings surprises" over the next quarter. Nevertheless, Warburg noted that long term problems remained, with the possibility of "a hard landing [for equities] in late 1996/early 1997".

PARIS was affected by weakness in bonds as well as by an element of profit-taking following last week's 2 per cent gain.

The CAC-40 index, which had breached the 1,900 level on Friday, fell back to finish with a loss of 19.44 or 1 per cent at 1,880.92.

Eurotunnel fell sharply after warning that servicing its debt burden could cause the Anglo-French group to fail. The group said that 1995 would be critical and that "our debt service costs may overwhelm us". The company, which operates the Channel tunnel and the Shuttle train service, advised shareholders that it could not rule out a bond issue during the year. Such negative news led to very large trading volumes and the shares finished FFr1.20 or 6.5 per cent down at FFr17.40.

Schneider, the electrical engineering group, disappointed the market with its 1994 results which were at the lower end of expectations, having taken an extraordinary charge of FFr121m. The shares retreated FFr11.90 or 3.2 per cent to FFr355.10.

Its subsidiary Spie Batignolles fared better, advancing FFr1.40 to FFr232.40, in spite of reporting a 1994 net loss of FFr810m, which was mainly due to property provisions of FFr440m and an additional provision of FFr300m for disputes over bills.

Financials were weaker as they tracked bonds and Soc Gen, for instance, receded FFr16 to FFr533.

FRANKFURT weakened during official hours, before recovering marginally in late trading. The Dax index finished off 9.59 at 1,972.29 and the Ibis put on 2.10 at 1,980.81.

Turnover was reported as thin, at just DM4.5bn.

Deutsche Bank slid DM8.50 to DM668.50, pulled lower, in part, by news of a foreign exchange loss at one of its branches.

Among chemicals, BASF moved up DM2 to DM295 on short-covering after the company projected stronger pharmaceuticals earnings following the takeover of the drugs division of Boots, of the UK.

Daimler-Benz added DM3.80 at DM646.30 amid media reports that it might float its AEG subsidiary.

ZURICH lacked incentives and the low level of activity indicated an early run-down to the long holiday weekend. The SMI index edged 1.9 higher to 2,561.2, unable to capitalise on the firmer dollar and lower bond futures.

Georg Fischer, the engineering group, jumped SFr40 to SFr1,300, recovering from its recent weakness and benefiting from several buy recommendations.

Electrowatt was SFr13 higher at SFr301, with one large bank said to be a major buyer of the stock.

MILAN was becalmed as investors hoped that the regional elections on April 23 would give some indication of the future political landscape. The Comit index dipped 2.02 to 593.92 in turnover that dropped to a paltry L291.2bn from Friday's L352.8bn.

Conflicting views on the market's outlook were aired yesterday. J.P. Morgan, which recommended an underweight position, commented that the market appeared overvalued in price/earnings ratio terms and relative to its bond market. "Structural problems remain; a budget deficit that is too high and a lack of strong government to tackle the problems."

Daiwa, however, adopted an overweight view, noting that general elections, probably in October, were likely to result in a stable majority coalition, probably on the right. This would enhance the chances for significant reform of the country's tottering pension system. "When the confidence factor returns, the market will move quickly and dramatically."

Against the trend, Parmalat climbed L21 or 1.6 per cent to L1,368 after forecasting double figure growth for sales and profits in 1995.

AMSTERDAM was supported by dollar strength. The AEX index put on 0.34 at 404.28.

Trading was concentrated in a few issues, helped by currency movements, with Royal Dutch gaining Fl 1.70 at Fl 188.10.

ISTANBUL extended its run of record setting performances to a ninth consecutive session, the composite index climbing 490.93 or 1.1 per cent to 45,113.81, although turnover eased to TL15,080bn from Friday's all-time peak of TL16,730bn.

WARSAW surged ahead 5 per cent, continuing the rebound from the 52-week low of just a fortnight ago, in heavy volume as the market's recent strong gains provoked bulls to step up buying and bears to take profits. The Wig index rose 344.6 to 7,264.5 in turnover that jumped 34 per cent to 94.3m zlotys.

Written and edited by Michael Morgan and John Pitt

FT-SE Actuaries Share Indices

THE EUROPEAN SERIES

Apr 10 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1288.24	1283.99	1282.94	1282.43	1282.17	1281.89	1282.70	1282.84
FT-SE Eurotrack 200	1382.05	1377.63	1378.21	1374.74	1375.38	1374.22	1375.32	1378.53

	Apr 7	Apr 6	Apr 5	Apr 4	Apr 3
FT-SE Eurotrack 100	1281.80	1277.89	1267.84	1267.70	1252.05
FT-SE Eurotrack 200	1380.37	1378.60	1372.50	1375.05	1360.10

Base 1000 (26/10/90) High/day: 100 - 1286.24; 200 - 1382.48 Low/day: 100 - 1280.81 200 - 1372.34 † Partial

ASIA PACIFIC

Nikkei average, up 2.8%, makes first gain in six days

Tokyo

A rise in the futures market prompted short-covering, and the Nikkei index rallied 2.8 per cent, closing above the 16,000 mark for the first time in six trading days, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 average gained 443.59 at 16,163.09 after a day's low of 15,583.65 and high of 16,212.28. Arbitrage selling hit the index in the morning, but expectations that the government's economic stimulus package could help curb the yen's climb helped a rise in the futures market.

Equities failed to react to the yen's rise to Y80 to the dollar, and short-covering pushed cash prices up in the afternoon. "The market has been oversold for a while now," pointed out Mr Jason James, strategist at James Capel. He added that he did not expect fresh initiatives from the government's package.

The Topix index of all first section stocks moved ahead 23.84 or 1.9 per cent to 1,292.68 and the Nikkei 300 rose 5.01 or 2.1 per cent to 239.72. Advances led declines by 777 to 209, with 150 issues unchanged. But in London the ISE/Nikkei 50 index eased 1.97 to 1,058.32.

Volume totalled 229m shares, against 183m. Traders noted that activity was linked to fluctuations in the futures market, while most investors, wary of the volatility on the foreign exchange market, remained on the sidelines.

Individual investors and dealers traded Fudo Construction, the most active issue of the day, which appreciated Y29 to Y923. Sumitomo Metal Mining, also an individuals favourite which had gained ground last week, slipped Y2 to Y755 on profit-taking.

Banks were also higher. Industrial Bank of Japan jumped Y120 to Y2,340 and Fuji Bank gained Y80 at Y1,850. Long Term Credit Bank, however, lost Y10 at Y786. Mr Yukio Aoshima, who was voted as governor of Tokyo on Sunday, announced his opposition over the government's role in helping two defunct credit unions, and claimed that banks which had ties with the institutions should play a larger part in the rescue. LTCB was a leading creditor to Tokyo Kyowa, one of the two credit unions.

In Osaka, the OSE average put on 266.67 at 17,844.93 in volume of 12m shares.

Roundup

Tokyo's advance helped many of the region's markets to make gains. Bombay will be closed today to mark the death of former prime minister Morarji Desai.

TAIPEI retreated on profit-taking as the Taiwan dollar rose against the US dollar. The weighted index, after a session's high of 6,583.28, closed 23.51 down at 6,528.98. Turnover was modest at T$44bn.

Brokers said the appreciation of the Taiwan dollar against the dollar led to profit-taking in export-oriented sectors such as electronics. Food issues, by contrast, were helped by the currency movements and the sector index rose 1.1 per cent: Formosa Oilseed gained T$1.60 at T$31.70.

MANILA firmed 1.1 per cent as investors accumulated heavily capitalised issues. The composite index advanced 27.85 to 2,471.15 after an intra-day low of 2,432.97. Volume shrank to 1.4bn shares.

The mining sector posted the biggest gains, with the sub-index adding 74.51 at 4,009.14, due to the higher price for bullion.

SYDNEY was little changed, coming off mid-afternoon lows on the sharp gains seen in Tokyo. The All Ordinaries index was finally just 0.9 off at 1,982.5 in turnover of A$326m.

Gains were seen in leading industrials, with the All Industrials index up 0.5 at 2,944.4. News Corporation stood out with a 12-cent rise to A$6.60 and Pacific Dunlop moved forward 14 cents to A$3.30.

WELLINGTON ended marginally weaker but off lows as the market consolidated after a fortnight of strong gains.

The NZSE-40 Capital index shed 3.73 to 2,068.23, but after touching 2,061.30.

Fletcher Challenge ended 3 cents down at NZ$3.92 and Carter Holt Harvey dipped 4 cents to NZ$3.55.

BANGKOK rose a few minutes before the market closed after spending most of the day in negative territory. The SET index was ahead 3.49 at 1,180.53 after a low of 1,170.21. Only 22.5m shares worth Bt1.64bn were exchanged.

The telecommunications sector was the biggest gainer, up 1.9 per cent. Advanced Info surged Bt20 to Bt350, Shinawatra Computer rose Bt14 to Bt542 and United Communication gained Bt10 at Bt350.

Buying interest also emerged in the banking sector, with Bangkok Bank hardening Bt2 to Bt181 and Thai Farmers Bank Bt1 to Bt159.

SEOUL sank below the 900 level on broad-based selling after a blue chip rebound ran out of steam. The composite index lost 9.50 at 899.39, off a day's high of 915.83, after a long-awaited government announcement of plans to ease rules on stock trading had disappointed investors.

Posco, the steelmaker, rose to Won64,400 in early trade before turning down to finish Won300 lower on the day at Won63,000.

KUALA LUMPUR was lower in thin trading, with foreign investors expected to remain largely sidelined, at least until after the April 24-25 general elections. The composite index fell 11.26 or 1.2 per cent to 956.03 in volume that dropped to 92.5m shares from 117.7m.

HONG KONG was barely changed in thin and directionless trading, the Hang Seng index dipping just 0.5 to 8,469.78 in sharply reduced turnover of HK$1.5bn, compared with Friday's HK$2.3bn.

The previous slowest trading day this year was January 30, when turnover was HK$1.3bn.

Hoi Sing Holdings, the construction company, forged ahead 19 cents to 67 cents and Shougang Concord Grand (Group) gained 3 cents at 95 cents. In late trading, Shougang Concord said it was negotiating with an unnamed third party about selling its 36 per cent stake in Hoi Sing.

Hysan Development firmed 25 cents to HK$17.10 after Schroder Securities raised its fiscal 1995 net profits estimate.

BOMBAY fluctuated in a narrow range as stray buying in selective blue chips was matched by profit-booking by short term investors. The BSE-30 index finished 7.30 points off at 3,464.76.

Mahindra & Mahindra was in the limelight during the first 90 minutes of trade when it rose Rs30 or 10 per cent to Rs330 on news that it had signed a higher-output agreement with its workers. The stock subsequently fell back to Rs310 on profit-taking.

S African golds dive 5.7%

Johannesburg gold shares pared a large part of recent gains in thin trade as the gold price fell below $390 an ounce and mine violence drove possible buyers out of the market.

Analysts said the fall in the bullion price had prompted a mark-down of equities and buyers had not appeared at the lows as violence at Freegold, and quarterly gold mine results, prompted concern about short term prospects.

The overall index finished 61.8 lower at 5,385.3 as golds dropped 88.9 or 5.7 per cent to 1,464.5 and industrials gained 1.6 at 6,696.6.

Gold Fields, which reported a decline in overall net profits at its four gold mines, weakened R4 to R99. Freegold fell R2.50 to R44.50 after violence at the mine left 13 workers dead and affected operations.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY APRIL 7 1995 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY APRIL 6 1995 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (83)	170.67	0.1	157.49	90.79	122.55	153.11	0.1	3.96	170.46	157.12	91.99	121.97	152.96	180.82	157.95	168.06
Austria (27)	187.66	-0.0	173.16	99.83	134.74	134.69	0.4	1.28	187.67	172.98	101.28	134.28	134.21	198.89	167.46	177.36
Belgium (35)	187.75	0.4	173.24	99.87	134.80	131.41	0.7	4.02	186.93	172.29	100.88	133.75	130.44	187.75	161.53	161.53
Brazil (28)	116.97	-2.2	107.94	62.22	83.99	193.46	-1.8	1.67	119.56	110.20	64.52	85.55	196.97	-	-	-
Canada (103)	133.09	-0.8	122.81	70.80	95.56	134.10	-0.6	2.60	134.13	123.63	72.39	95.98	134.93	140.25	120.54	130.26
Denmark (33)	260.45	-0.9	240.33	138.55	187.01	192.50	-0.8	1.65	262.75	242.18	141.80	188.00	194.01	275.27	236.61	255.44
Finland (24)	188.18	-0.5	173.65	100.10	135.12	167.96	-0.8	1.42	189.13	174.33	102.07	135.33	169.25	201.41	133.88	142.09
France (101)	185.25	0.4	170.94	98.54	133.01	139.57	0.5	3.07	184.46	170.02	99.64	131.98	138.81	185.25	157.79	167.86
Germany (59)	150.24	-0.1	138.63	79.92	107.87	107.87	0.3	2.06	150.35	138.59	81.14	107.58	107.58	154.61	132.08	136.98
Hong Kong (55)	339.99	0.3	313.73	180.86	244.12	337.51	0.3	3.99	339.01	312.47	182.95	242.57	336.53	416.42	277.40	384.01
Ireland (16)	218.24	0.2	201.39	116.10	156.71	190.26	0.4	3.57	217.86	200.81	117.57	155.89	189.55	218.24	180.67	181.19
Italy (58)	68.60	0.9	63.31	36.49	49.28	67.18	0.2	1.76	67.98	62.66	36.69	48.65	66.99	97.78	65.45	87.11
Japan (483)	151.63	1.0	139.92	80.66	108.88	80.66	-0.4	0.94	150.11	138.36	81.01	107.41	81.01	170.10	136.95	153.88
Malaysia (97)	486.77	-1.2	449.18	258.94	349.52	467.42	-1.2	1.71	492.95	454.37	266.03	352.73	473.30	594.76	398.16	441.48
Mexico (18)	949.68	3.2	876.33	505.19	681.89	6809.00	1.6	1.64	920.44	848.39	496.73	658.59	6506.13	2414.12	847.81	1937.88
Netherland (19)	238.83	0.4	220.38	127.05	171.49	168.52	0.7	3.75	237.89	219.27	128.38	170.22	167.32	238.83	194.56	194.67
New Zealand (14)	79.94	0.8	73.77	42.53	57.40	63.99	0.1	4.59	79.29	73.09	42.79	56.74	63.91	79.94	63.45	64.85
Norway (33)	216.23	-0.7	199.53	115.02	155.26	181.83	-0.5	2.32	217.74	200.70	117.51	155.80	182.68	217.74	177.53	168.94
Singapore (44)	360.17	-0.7	332.35	191.59	258.61	233.00	-0.8	1.85	362.73	334.34	195.75	259.55	234.94	401.38	311.45	311.45
South Africa (59)	352.62	-0.1	325.38	187.58	253.19	276.70	-0.1	2.48	353.13	325.49	190.57	252.67	277.08	353.13	205.55	227.11
Spain (38)	135.25	1.8	124.80	71.95	97.11	127.18	0.6	4.48	132.90	122.49	71.72	95.09	126.46	150.21	124.10	139.94
Sweden (48)	243.05	0.9	224.28	129.29	174.52	264.22	0.2	2.18	240.90	222.05	130.01	172.38	263.71	247.40	196.70	213.49
Switzerland (47)	184.91	-0.4	170.62	98.36	132.76	130.00	0.1	1.93	185.67	171.14	100.20	132.85	129.82	185.67	149.91	160.60
Thailand (46)	136.39	-1.0	125.86	72.56	97.94	130.12	-1.1	3.26	137.82	127.03	74.38	98.62	131.53	-	-	-
United Kingdom (203)	208.93	0.2	192.79	111.14	150.02	192.79	0.3	4.25	208.49	192.17	112.52	149.18	192.17	208.93	181.11	186.54
USA (510)	206.89	0.1	190.91	110.06	148.55	206.89	0.1	2.75	206.76	190.57	111.58	147.94	206.76	206.89	179.72	183.85
Americas (658)	189.39	0.0	174.76	100.75	135.99	158.97	0.0	2.72	189.32	174.50	102.17	135.46	158.92	-	-	-
Europe (741)	180.99	0.2	167.01	96.28	129.95	150.54	0.3	3.23	180.56	166.42	97.44	129.19	150.04	180.99	160.59	165.20
Nordic (138)	233.46	0.1	215.42	124.19	167.63	207.74	-0.2	1.98	233.10	214.85	125.79	166.79	208.18	235.72	197.70	204.72
Pacific Basin (822)	159.86	0.8	147.52	85.04	114.79	91.00	-0.4	1.32	158.56	146.15	85.57	113.46	91.36	176.86	145.93	162.03
Euro-Pacific (1563)	168.57	0.6	155.55	89.67	121.03	113.47	-0.1	2.17	167.63	154.50	90.46	119.94	113.55	175.14	154.73	163.20
North America (613)	202.32	0.0	186.69	107.62	145.27	201.96	0.0	2.74	202.26	186.43	109.15	144.72	201.88	202.32	176.47	180.52
Europe Ex. UK (538)	162.04	0.3	149.53	86.20	116.35	127.15	0.3	2.65	161.62	148.97	87.22	115.64	126.72	162.04	144.12	148.88
Pacific Ex. Japan (339)	241.00	-0.2	222.39	128.20	173.05	211.19	-0.2	3.30	241.47	222.57	130.32	172.78	211.71	273.13	211.19	242.21
World Ex. US (1771)	169.05	0.5	155.99	89.93	121.38	116.87	-0.1	2.18	168.19	155.02	90.76	120.34	116.97	176.65	155.42	163.95
World Ex. UK (2078)	177.60	0.4	163.88	94.47	127.52	138.36	-0.1	2.19	176.95	163.10	95.50	126.61	138.45	178.59	163.46	167.73
World Ex. Japan (1798)	197.35	0.1	182.10	104.98	141.70	182.92	0.1	2.95	197.16	181.73	106.40	141.07	182.69	197.35	178.74	179.90
The World Index (2261)	180.34	0.3	166.41	95.93	129.49	143.05	0.0	2.39	179.71	165.64	96.98	128.59	143.10	180.60	165.92	169.57

PLEASE NOTE: Amendments to indices 6/4/95 and 7/4/95 applied to Malaysia and related regional indices. Latest prices were unavailable for this edition.